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NATIONAL DEFENSE MIGRATION

HEARINGS

BEFORE THE

SELECT COMMITTEE INVESTIGATING NATIONAL DEFENSE MIGRATION HOUSE OF REPRESENTATIVES

SEVENTY-SEVENTH CONGRESS

FIRST SESSION

PURSUANT TO

H. Res. 113

A RESOLUTION TO INQUIRE FURTHER INTO THE INTERSTATE MIGRATION OF CITIZENS, EMPHASIZING THE PRESENT AND POTENTIAL CONSEQUENCES OF THE MIGRATION CAUSED BY THE NATIONAL-DEFENSE PROGRAM

PART 16

WASHINGTON HEARINGS

JULY 15, 16, AND 17, 1941

Printed for the use of the Select Committee Investigating
National Defense Migration

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NATIONAL DEFENSE MIGRATION

TUESDAY, JULY 15, 1941

House of Representatives,
Select Committee Investigating
National Defense Migration,
Washington, D. C.

The committee met at 10 a. m., pursuant to notice, Hon. John H. Tolan (chairman) presiding.

Present were: Representatives John H. Tolan (chairman), of California; John J. Sparkman, of Alabama; Laurence F. Arnold, of Illinois; Carl T. Curtis, of Nebraska; and Frank C. Osmers, Jr., of New Jersey.

Also present were: Robert K. Lamb, staff director; Mary Dublin, coordinator of hearings; and John W. Abbott, chief field investigator.

The Chairman. The committee will please come to order.

Mr. Reporter, the first witness will be Mr. Sidney Hillman, Associate Director General, Office of Production Management.

TESTIMONY OF SIDNEY HILLMAN, ASSOCIATE DIRECTOR GENERAL, OFFICE OF PRODUCTION MANAGEMENT, WASHINGTON, D. C.

The Chairman. Mr. Hillman, I have read your paper and I think it is a very valuable contribution.

May I say to you, although you probably already know, this committee was appointed last year to investigate the general migration of destitute citizens between States. We held hearings throughout the country, and we made our report to Congress. Following that, Congress saw fit to continue the committee to serve during this session on account of the migration caused by our national-defense program.

We have recently held hearings in San Diego, Calif.; we have been to Hartford, Conn., Trenton, N. J., and Baltimore, Md. I am making this statement so you may know the scope of our study.

Congressman Sparkman will interrogate you, Mr. Hillman.

Mr. Sparkman. Mr. Hillman, I have some questions which were sketched out before I had access to your statement. I imagine most of them you have answered in the statement but some of them may not have been answered.

Mr. Hillman. Mr. Sparkman, of course the statement itself is a summary and if agreeable to you I would like to read it and then be interrogated on it or I will adjust myself to your requirements. Of course the material is covered pretty well in summary form here and if you have no objection I would like to read it to the committee.

Mr. Sparkman. You may go right ahead.

STATEMENT BY SIDNEY HILLMAN, ASSOCIATE DIRECTOR GENERAL, OFFICE OF PRODUCTION MANAGEMENT, WASHINGTON, D. C.

Mr. HILLMAN (reading). May I say, Mr. Chairman, that I welcome the opportunity to appear before your committee. We in the O. P. M. have great responsibilities to plan and carry through the defense program as far as production is concerned, and it is our responsibility to carry it through in a way that will give us the utmost for national defense and not create too many social problems while we are doing it, and any time we have the opportunity to appear before a committee I consider it as part of our work.

We cannot always explain to the country in all detail what we are doing. I sincerely believe, Mr. Chairman and members of the committee, that this planning for our labor supply that we have tried to do is a very far-reaching job and as a result of it we find conditions are not altogether satisfactory, but I think they are quite satisfactory from the point of view of national defense.

You requested me to supply your committee with statistical data and reports on several topics connected with the problem of labor migration in defense industries, and to summarize this material in my testimony. At the outset, I should like to make clear that I am not here seeking to deal with the orderly planned movement of labor to newly developed defense plants, and the like, but rather with the problem of the unplanned disorderly migration of men searching for work, from city to city.

Of course we are putting up new plants and part of our program is to distribute the load as much as possible throughout the Nation, and of course it requires skilled labor in order that these plants can be properly started going.

With your permission I shal' first make a statement on the subject matter under consideration, and then present each document or set of documents at the proper point. This will enable me at one and the same time to provide the committee with the requested details, and to explain the attitude of O. P. M. toward this basic issue of labor migration, as well as to outline the methods by which we are striving to cope with it.

DEFENSE MIGRATION, 1940–41, CONTRASTED WITH 1916–17

As your committee recognizes, a condition of large-scale labor migration is not only a tremendous question in itself, but it is also of vital importance to that national morale which lies at the center of our defense-production problem. That is why I hope sincerely that some of the material which I am submitting at your request will be of some value in helping you to cope effectively with this crucial question of labor migration.

We may take it for granted that the worker does not ordinarily pull up stakes and leave home, whether with his family or alone, unless there are conditions which prompt or indeed compel him to do so. Fortunately, there has not yet been any large-scale migration of labor, with its resultant chaos, during this first year of the defense effort, comparable to that which took place in the defense production of the World War. And furthermore, as the months have passed, the information which reaches me indicates that the tendency of labor to migrate has not increased in any degree commensurate with the expansion of defense output, which as you know has multiplied during these months in all 18 of the major defense industries, in addition to the expansion in consumer-goods industries as well. In fact, while it is impossible to obtain exact figures of the total amount of labor migration, it is my impression that instead of increasing in these latest months, it has actually been reduced. This does not mean, however, that migration has been eliminated, or that it has ceased to be a cause for grave concern.

EFFECTS OF UNCONTROLLED MIGRATION

I need hardly explain why we are eager to keep labor migration to a minimum, and to keep under control whatever relocation of workers must occur. A disorderly labor situation means high turn-over in the plants, and this is both costly to industry and injurious to efficient production. Plants that have an adequate and well-established labor force should not have that force disrupted by the pirating practices of other plants. Again, an uncontrolled inflow of migratory workers into communities already glutted with defense workers is bound to create serious housing shortages, rising rents, and in some cases health and social problems besides. Finally, those communities and areas from which labor migration proceeds are bound to suffer serious loss both in their normal civilian pursuits and a further loss in case the communities should later be incorporated into the defense effort. For all these reasons, it has been the policy of the Labor Division from the beginning that every worker should, if possible, be employed locally, be trained locally, and be brought into the defense effort locally. Some of the methods by which we have sought to achieve this objective, I shall explain as I proceed. Meanwhile, let me point to some considerations that have contributed to the difficulty of the task.

CONTRACT AWARDS AS FACTOR IN MIGRATION

We may accept it as a fundamental principle that sharp contrasts in employment opportunities and conditions, within various regions, tend to create worker migration. Labor tends to migrate from those sections where such opportunity is less, to those points where opportunity exists or is reported to exist. The defense effort began at a time when there was a great deal of unemployment, when there was already a considerable amount of migration going on. From the first days of the National Defense Advisory Commission, the Labor Division foresaw the possibility that the award of defense contracts would lead to a stampede of unemployed workers toward defense areas. Naturally, this is an important factor in labor migration. I understand, however, that Mr. Donald Nelson, Director of Purchases for O. P. M., is to discuss this point at length before this committee. Suffice it to say, however, that the Labor Division from its inception has urged that contracts be equitably distributed and that they be placed in areas where idle men and idle machines were to be found.

MAGNITUDE OF THE DEFENSE EFFORT

Another underlying cause of labor migration is the size of the defense effort itself. The current increase in employment is taking place not only in the defense industries, but also in various other industries affected by the growth of consumer purchasing power. The Bureau of Labor Statistics estimates that the next 12 months up to and including June 1942 will see a total increase in nonagricultural employment of between 2½ and 3 million persons. For the defense contracts in force in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items, the Bureau of Labor Statistics estimates that between April 1941 and April 1942 approximately 1,400,000 additional workers will be required. Shipbuilding will require some 323,000 additional workers, aircraft 408,000, ordnance and machine tools 291,000, and construction and other defense industries 384,000. Some of these will be drawn from nondefense industries and some will be newly employed.

I herewith, therefore, submit the detailed data supplied to me by the Bureau of Labor Statistics, in response to Chairman Tolan's first request, for "the labor requirements of the various national-defense industries now estimated as necessary for the next 2 years." The Bureau has made a very full statement of requirements by skills, by industries, and by regions, up to April 1942. Estimates beyond next April are more general, inasmuch as it is difficult to say at this time how far the defense effort will extend.

May I insert this in the record as Exhibit A?

The Chairman. It will be received.

(The document referred to follows:)

Exhibit A.—Estimated Increase in Over-All Nonagricultural Employment

Estimates made by the Bureau of Labor Statistics point to an increase in civilian nonagricultural employment of roughly 2½ million to 3 million persons in the next 12 months. This may be viewed as the probable maximum increase now in sight for that period. The forecast is not projected beyond June 1942 because of the many imponderables in the industrial situation. But within the next year it is not likely that any upward revisions of the present defense program will result in a much greater increase in total employment than indicated, since any material increase in defense production over present schedules during the coming year will probably require offsetting reductions in nondefense production and employment. The level of employment beyond next June depends upon the steps taken in the period immediately ahead to expand industrial capacity. Hence, no reliable estimate of the employment outlook can now be made for a period of more than a year ahead.

Except for capacity limitations and other restrictive factors, the defense program as now scheduled, coupled with expanding consumer demand and private investment, might be expected to result in a gross national product of about $105,000,000,000 for calendar year 1941, or a net national income of about $92,000,000,000. Actually, on the basis of productive activity in the first half of 1941, it seems probable that gross national product will not total more than $98,000,000,000 this year, with national income at about $86,000,000,000. Limitations of basic raw material supplies, in conjunction with fiscal measures designed to restrict civilian consumption, are likely to restrict gross national product to an annual rate of about $106,000,000,000 in the second quarter of 1942.

Under these assumptions we should expect the Federal Reserve Board index of industrial production to rise from an average of 149 in the second quarter of 1941 to 171 in the second quarter of 1942. The total number of employees in nonagricultural establishments would rise from 32 to 34.5 million, an increase of 2.5 million. This estimate allows for decreases in employment in the production of automobiles and other consumer durables. The attached table indicates the anticipated levels of employment for each quarter during the period covered by the forecast.

Expansion of basic facilities might make possible an increase somewhat larger than the estimate indicates, possibly by as much as another half-million workers. This applies primarily to the second quarter of 1942; the forecasts for the intervening periods could not be materially affected by any expansion of facilities which might be undertaken at the present time. Prompt action now to expand raw material supplies, manufacturing facilities, power supply, and railroad equipment would make possible considerable expansion during the last half of 1942 and in the following year.

ESTIMATED DEFENSE-LABOR REQUIREMENTS

While no regional break-down has yet been made of the estimated increase in over-all nonagricultural employment, it is possible to be more specific in stating the increases in the labor force which will be required to maintain delivery schedules on contracts let for a major portion of the coming year's defense production. The Bureau of Labor Statistics has estimated that between April 1941 and April 1942 approximately 1,400,000 additional workers will be required in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items for which contracts are in force, certificates of necessity issued, or loans made, for the construction of new or expanded defense manufacturing facilities. The attached memorandum (Defense Labor Requirements) shows labor requirements by occupations and principal geographical regions, where production facilities are located. The estimates cover final assembly and subassembly of ships, aircraft, machine tools, ordnance, and certain other defense items. In addition, they embrace the operating labor requirements of new facilities for the production of parts and materials such as steel, aluminum, and magnesium.

The increase in the labor required over the year is divided among specified lines of defense manufacture as follows:

Shipbuilding	323, 900
Aircraft	408, 441
Ordnance and machine tools	291, 611
Other	384, 629
Total	1, 408, 581

In each of the first 3 items are included estimates of labor required on subassemblies and parts. A large number of certificates of necessity have been granted to establishments producing parts for a variety of final defense uses where it is impossible to classify the establishment. These are carried in the category of "other" defense work, as is the labor required in the new steel, aluminum, and magnesium plants. Most of the additional 1,400,000 workers will be new employees, though some of them will be drawn from nondefense to defense employment in the establishments covered by the estimate.

To date, defense production has been accomplished without substantial diversion of labor from civilian production to defense production, while at the same time manpower has been diverted to the armed forces. In general, employment in all lines has expanded. However, it is apparent that an "all-out" defense effort will necessitate the curtailment of output in many nondefense lines and will require the transfer of many workers now employed in nondefense activities to defense production.

The decrease in unemployment will be somewhat less than the increase in employment, plus expansion of the armed forces. In the first place there is a normal net increase in the labor force of somewhat more than 600,000 a year. In the second place individuals will be drawn into the labor market who do not usually work; youngsters will leave school, wives will take jobs, and skilled workers who have retired will return to jobs. In any event, it is important to point out that by the middle of 1942, despite an increase of approximately 6,000,000 persons in nonagricultural employment since the beginning of the defense effort, there will still be substantial unemployment in the cities in addition to a substantial reservoir on farms of workers who could be drawn into nonagricultural employment, and of women not now in the labor market, but potentially available for employment.

Employment forecasts, by quarters, for fiscal year 1942

[Annual rate in billions, 1935–39=100]

	Estimated gross national product	Estimated national income	Federal Reserve Board industrial production index	Employees in nonagricultural establishments	
				Manufacturing	Total
				Millions	*Millions*
1940:					
Third quarter	$87	$76	122	10.2	29.8
Fourth quarter	95	83	134	10.8	31.0
1941:					
First quarter	94	82	138	11.0	30.8
Second quarter	97	85	149	11.4	32.0
Third quarter	99	87	156	11.7	33.2
Fourth quarter	103	90	161	12.2	34.1
1942:					
First quarter	104	91	166	12.4	33.3
Second quarter	106	93	171	12.5	34.5

Summary of defense labor requirements by geographical regions

Region and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
United States	323,900	408,441	291,611	384,629	1,408,581
Mountain			12,316	400	12,716
New England	51,600	10,200	26,462	38,500	126,762
East South Central	9,600	8,300	11,579	35,034	64,513
North Atlantic	65,700	56,167	72,365	167,426	361,658
West South Central	21,200	37,500	2,250	4,376	65,326
South Pacific	67,000	73,500		1,800	142,300
East North Central	9,200	125,074	113,973	71,595	319,842
North Pacific	39,900	16,600	100	800	57,400
West North Central		54,100	39,093	34,700	127,893
South Atlantic	59,700	27,000	13,473	29,998	130,171

Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items

Occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
United States	323, 900	408, 441	291, 611	384, 629	1, 408, 581
Professional and subprofessional	32, 390	32, 675	14, 579	11, 539	91, 183
Draftsmen, etc	19, 434	20, 422	8, 748	7, 694	56, 298
Engineers, etc	12, 956	12, 253	5, 831	3, 845	34, 885
Skilled	155, 473	147, 038	113, 727	134, 620	550, 858
Assemblers			23, 328	15, 384	38, 712
Barrel riflers and straighteners			8, 748		8, 748
Blacksmiths and anglesmiths	1, 620				1, 620
Boilermakers	1, 620			1, 924	3, 544
Calkers and chippers	9, 717				9, 717
Carpenters	4, 859			1, 924	6, 783
Cranemen	3, 239			1, 924	5, 163
Drillers	3, 239				3, 239
Electricians	11, 338	2, 044	2, 918	3, 845	20, 145
Foremen	12, 956	24, 504	11, 664	15, 384	64, 508
Grinder operators		20, 422	8, 748	7, 694	36, 864
Inspectors		16, 338	4, 374	5, 770	26, 482
Joiners	3, 239				3, 239
Loftsmen	1, 620				1, 620
Machinists [1]	35, 629	36, 759	37, 912	46, 153	156, 453
Painters	8, 098				8, 098
Pipe fitters	8, 098			1, 924	10, 022
Sheet metal workers	13, 602	16, 338		5, 770	35. 710
Ship fitters	12, 956				12, 956
Tool and die makers	972	8, 168	10, 205	7, 694	27, 039
Welders	16, 194	2, 043	873	1, 924	21, 034
Other	6, 477	20, 422	4, 957	17, 306	49, 162
Semiskilled	71, 257	167, 462	119, 562	180, 776	539, 057
Apprentices	1, 620		8, 748	11, 539	21, 907
Assemblers (erectors)	6, 477	65, 349	29, 159	38, 463	139, 448
Bolters-up	9, 717				9, 717
Drill press operators		20, 422	11, 665	15, 384	47, 471
Handy men	21, 053				21, 053
Holders-on	4, 859				4, 859
Machine operators, miscellaneous		8, 168	32, 078	50, 003	90, 249
Painters			5, 831	5, 770	11, 601
Polishers		10, 211	2, 918	3, 846	16, 975
Punch and press operators		4, 085	1, 458	5, 770	11, 313
Riveters		28, 591		3, 846	32, 437
Sheet metal machine operators		4, 085	1, 458	3, 846	9, 389
Skin fitters		8, 168			8, 168
Stage builders and riggers	4, 859				4, 859
Welders, tack	3, 239	4, 085	1, 457	3, 846	12, 627
Other	19, 433	14, 298	24, 790	38, 463	96, 984
Unskilled	64, 780	61, 266	43, 743	57, 694	227, 483

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[1] Including such skilled jobs as boring mill operators, engine lathe operators, milling machine operators, etc.

Prepared May 20, 1941, by the Bureau of Labor Statistics, U. S. Department of Labor, subject to revision.

Defense labor requirements by occupation, in principal geographical regions[1]*—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessels, machine tools, ordnance and other defense items*

Occupational group	Total United States	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	North Pacific	South Pacific
Total	1,408,581	126,762	361,658	319,842	127,893	130,171	64,513	65,326	12,716	57,400	142,300
Professional and subprofessional	91,183	8,454	19,704	18,772	7,324	9,703	3,254	5,364	627	5,347	12,634
Draftsmen, etc	56,298	5,170	12,270	11,657	4,572	5,936	2,039	3,303	377	3,243	7,731
Engineers, etc	34,885	3,284	7,434	7,115	2,752	3,767	1,215	2,061	250	2,104	4,903
Skilled	550,858	52,236	138,577	118,949	46,867	54,129	24,374	26,086	4,943	25,447	59,250
Assemblers	38,712	3,657	12,486	11,982	4,514	2,278	2,327	355	1,001	40	72
Barrel riflers and straighteners	8,748	794	2,171	3,419	1,173	404	347	68	369	3	-----
Blacksmiths and anglesmiths	1,620	258	328	46	-----	299	48	106	-----	200	335
Boilermakers	3,544	451	1,165	404	174	449	223	128	2	204	344
Calkers and chippers	9,717	1,548	1,971	276	-----	1,791	288	636	-----	1,197	2,010
Carpenters	6,783	967	1,823	496	174	1,046	319	340	2	602	1,014
Cranemen	5,163	709	1,494	450	174	747	271	234	2	403	679
Drillers	3,239	516	657	92	-----	597	96	212	-----	399	670
Electricians	20,145	2,507	4,979	2,803	1,009	2,660	844	996	127	1,489	2,731
Foremen	64,508	5,274	15,590	15,295	6,196	5,747	2,745	3,363	508	2,628	7,162
Grinder operators	36,864	2,074	8,328	11,105	4,572	2,354	1,463	2,031	377	849	3,711
Inspectors	26,482	1,382	5,843	7,787	3,271	1,732	1,032	1,600	191	677	2,967
Joiners	3,239	516	657	92	-----	597	96	212	-----	399	670
Loftsmen	1,620	258	328	46	-----	299	48	106	-----	200	335
Machinists[2]	156,453	14,654	41,781	35,676	14,115	14,346	7,514	6,524	1,651	5,992	14,200
Painters	8,098	1,290	1,643	230	-----	1,493	240	530	-----	997	1,675
Pipe fitters	10,022	1,483	2,480	588	174	1,643	415	552	2	1,001	1,684
Sheet metal workers	35,710	3,152	7,517	6,463	2,685	4,037	1,261	2,456	6	2,352	5,781
Ship fitters	12,956	2,064	2,628	368	-----	2,388	384	848	-----	1,596	2,680
Tool and die makers	27,039	2,055	7,202	7,950	3,144	1,791	1,300	980	439	471	1,707
Welders	21,034	2,903	4,620	1,784	562	3,309	732	1,276	39	2,082	3,727
Others	49,162	3,724	12,886	11,597	4,930	4,122	2,381	2,533	227	1,666	5,096
Semiskilled	539,057	44,477	145,843	133,685	54,518	43,828	26,728	23,017	5,239	16,001	45,721
Apprentices	21,907	2,207	7,522	5,613	2,214	1,603	1,446	305	381	227	389
Assemblers (erectors)	139,448	9,160	34,280	38,753	16,035	9,860	6,180	7,085	1,272	3,544	13,279
Bolters-up	9,717	1,548	1,971	276	-----	1,791	288	636	-----	1,197	2,010
Drill press operators	47,471	3,108	12,400	13,677	5,656	3,089	2,279	2,140	509	866	3,747
Handy men	21,053	3,354	4,271	598	-----	3,880	624	1,378	-----	2,593	4,355
Holders-on	4,859	774	986	138	-----	896	144	318	-----	598	1,005
Machine operators, miscellaneous	90,249	8,120	30,849	24,345	9,893	5,923	5,995	1,566	1,407	447	1,704

Painters	11, 601	1, 106	3, 958	3, 353	1, 303	719	758	111	252	14	27
Polishers	16, 975	905	3, 802	4, 983	2, 090	1, 110	674	1, 004	127	424	1, 856
Punch and press operators	11, 313	811	3, 435	2, 895	1, 257	787	667	452	68	179	762
Riveters	32, 437	1, 099	5, 606	9, 471	4, 134	2, 190	931	2, 669	4	1, 170	5, 163
Sheet metal machine operators	9, 389	619	2, 598	2, 537	1, 083	637	491	430	66	175	753
Skin fitters	8, 168	204	1, 123	2, 501	1, 082	540	166	750		332	1, 470
Stage builders and riggers	4, 859	774	986	138		896	144	318		598	1, 005
Welders, tack	12, 627	1, 135	3, 255	2, 629	1, 083	1, 234	587	642	66	573	1, 423
Others	96, 984	9, 553	28, 801	21, 778	8, 688	8, 673	5, 354	3, 213	1, 087	3, 064	6, 773
Unskilled	227, 483	21, 595	57, 534	48, 436	19, 184	22, 511	10, 157	10, 859	1, 907	10, 605	24, 695

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[1] Census divisions used (Pacific subdivided).

[2] Including such skilled jobs as boring mill operators, engine lathe operators, milling machine operators, etc.

Source: Bureau of Labor Statistics.
Prepared May 20, 1941, by the Bureau of Labor Statistics—Subject to revision.

Break-down by States—Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items

IN ALABAMA

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees	9,000			19,824	28,824
Professional and subprofessional	900			594	1,494
Draftsmen, etc	540			396	936
Engineers, etc	360			198	558
Skilled	4,320			6,938	11,258
Assemblers				793	793
Blacksmiths and anglesmiths	45				45
Boilermakers	45			99	144
Calkers and chippers	270				270
Carpenters	135			99	234
Cranemen	90			99	189
Drillers	90				90
Electricians	315			198	513
Foremen	360			793	1,153
Grinder operators				396	396
Inspectors				297	297
Joiners	90				90
Loftsmen	45				45
Machinists [1]	990			2,380	3,370
Painters	225				225
Pipe Fitters	225			99	324
Sheet metal workers	378			297	675
Ship Fitters	360				360
Tool and die workers	27			396	423
Welders	450			99	549
Other	180			893	1,073
Semiskilled	1,980			9,317	11,297
Apprentices	45			595	640
Assemblers (erectors)	180			1,983	2,163
Bolters-up	270				270
Drill press operators				793	793
Handy men	585				585
Holders-on	135				135
Machine operators, miscellaneous				2,577	2,577
Painters				297	297
Polishers				198	198
Punch and press operators				297	297
Riveters				198	198
Sheet metal machine operators				198	198
Stage builders and riggers	135				135
Welders, tack	90			198	288
Other	540			1,983	2,523
Unskilled	1,800			2,975	4,775

IN CALIFORNIA

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees	67,000	73,500		1,800	142,300
Professional and subprofessional	6,700	5,880		54	12,634
Draftsmen, etc	4,020	3,675		36	7,731
Engineers, etc	2,680	2,205		18	4,903
Skilled	32,160	23,520		630	56,310
Assemblers				72	72
Blacksmiths and anglesmiths	335				335
Boilermakers	335			9	344
Calkers and chippers	2,010				2,010
Carpenters	1,005			9	1,014
Cranemen	670			9	679
Drillers	670				670
Electricians	2,345	367		18	2,730
Foremen	2,680	5,880		72	8,632
Grinder operators				36	36
Inspectors		2,940		27	2,967

See footnote at end of table.

Break-down by States—Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items—Con.

IN CALIFORNIA—Continued

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
Skilled—Continued.					
Joiners	670				670
Loftsmen	335				335
Machinists [1]	7, 370	5, 880		216	13, 466
Painters	1, 675				1, 675
Pipe fitters	1, 675			9	1, 684
Sheet-metal workers	2, 814	2, 205		27	5, 046
Ship fitters	2, 680				2, 680
Tool and die workers	201	1, 103		36	1, 340
Welders	3, 350	735		9	4, 094
Other	1, 340	4, 410		81	5. 831
Semiskilled	14, 740	33, 075		846	48, 661
Apprentices	335			54	389
Assemblers (erectors)	1, 340	11, 025		180	12, 545
Bolters-up	2, 010				2, 010
Drill-press operators		735		72	807
Handy men	4, 355				4, 355
Holders-on	1, 005				1, 005
Machine operators, miscellaneous		367		234	601
Painters		735		27	762
Polishers		367		18	385
Punch and press operators		1, 103		27	1, 130
Riveters		8, 085		18	8, 103
Sheet metal machine operators		1, 470		18	1, 488
Skin fitters		2, 205			2, 205
Stage builders and riggers	1, 005				1, 005
Welders, tack	670	1, 103		18	1, 791
Other	4, 020	5, 880		180	10, 080
Unskilled	13, 400	11, 025		270	24, 695

IN CONNECTICUT

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees	4, 200	8, 700	14, 162	29, 100	56, 162
Professional and subprofessional	420	348	708	873	2, 349
Draftsmen, etc	252	174	425	582	1, 433
Engineers, etc	168	174	283	291	916
Skilled	2, 016	3, 741	5, 523	10, 185	21, 465
Assemblers			1, 133	1, 164	2, 297
Barrel riflers and straighteners			425		425
Blacksmiths and anglesmiths	21				21
Boilermakers	21			146	167
Calkers and chippers	126				126
Carpenters	63			146	209
Cranemen	42			146	188
Drillers	42				42
Electricians	147	87	142	291	667
Foremen	168	435	566	1, 163	2, 332
Grinder operators		826	425	582	1, 833
Inspectors		348	212	437	997
Joiners	42				42
Loftsmen	21				21
Machinists [1]	462	1, 479	1, 841	3, 491	7, 273
Painters	105				105
Pipe fitters	105			146	251
Sheet-metal workers	176			437	613
Ship fitters	168				168
Tool and die makers	13	261	496	582	1, 352
Welders	210	44	42	146	442
Other	84	261	241	1, 308	1, 894
Semiskilled	924	3, 306	5, 807	13, 677	23, 714
Apprentices	21		425	873	1, 319
Assemblers (erectors)	84	1, 175	1, 416	2, 910	5, 585
Bolters-up	126				126
Drill-press operators		783	566	1, 163	2, 512

Break-down by States—Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items—Con.

IN CONNECTICUT—Continued

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
Semiskilled—Continued.					
Handy men	273				273
Holders-on	63				63
Machine operators, miscellaneous		348	1,558	3,783	5,689
Painters		44	283	437	764
Polishers		304	142	291	737
Punch and press operators			71	437	508
Riveters				291	291
Sheet-metal machine operators		44	71	291	406
Stage builders and riggers	63				63
Welders, tack	42		71	291	404
Other	252	608	1,204	2,910	4,974
Unskilled	840	1,305	2,124	4,365	8,634

IN ILLINOIS

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees	200	14,000	28,523	6,575	49,298
Professional and subprofessional	20	560	1,426	197	2,203
Draftsmen, etc	12	280	856	131	1,279
Engineers, etc	8	280	570	66	924
Skilled	96	6,020	11,125	2,302	19,543
Assemblers			2,282	263	2,545
Barrel riflers and straighteners			856		856
Blacksmiths and anglesmiths	1				1
Boilermakers	1			33	34
Calkers and chippers	6				6
Carpenters	3			33	36
Cranemen	2			33	35
Drillers	2				2
Electricians	7	140	285	66	498
Foremen	8	700	1,141	263	2,112
Grinder operators		1,330	856	132	2,318
Inspectors		560	428	99	1,087
Joiners	2				2
Loftsmen	1				1
Machinists [1]	22	2,380	3,708	788	6,898
Painters	5				5
Pipefitters	5			33	38
Sheet-metal workers	8			99	107
Ship fitters	8				8
Tool and die makers	1	420	998	132	1,551
Welders	10	70	86	33	199
Other	4	420	485	295	1,204
Semiskilled	44	5,320	11,694	3,090	20,148
Apprentices	1		856	197	1,054
Assemblers (erectors)	4	1,890	2,852	657	5,403
Bolters-up	6				6
Drill-press operators		1,260	1,141	263	2,664
Handy men	13				13
Holders-on	3				3
Machine operators, miscellaneous		560	3,138	854	4,552
Painters		70	570	99	739
Polishers		490	285	66	841
Punch and press operators			143	99	242
Riveters				66	66
Sheet-metal machine operators		70	143	66	279
Stage builders and riggers	3				3
Welders, tack	2		143	66	211
Other	12	980	2,423	657	4,072
Unskilled	40	2,100	4,278	986	7,404

Break-down by States—Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items—Con.

IN INDIANA

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees	500	8, 800	27, 670	29, 000	65, 970
Professional and subprofessional	50	352	1, 384	870	2, 656
Draftsmen, etc	30	176	830	580	1, 616
Engineers, etc	20	176	554	290	1, 040
Skilled	240	3, 784	10, 791	10, 150	24, 965
Assemblers			2, 214	1, 160	3, 374
Barrel riflers and straighteners			830		830
Blacksmiths and anglesmiths	3				3
Boilermakers	3			145	148
Calkers and chippers	15				15
Carpenters	7			145	152
Cranemen	5			145	150
Drillers	5				5
Electricians	17	88	277	290	672
Foremen	20	440	1, 107	1, 160	2, 727
Grinder operators		836	830	580	2, 246
Inspectors		352	415	435	1, 202
Joiners	5				5
Loftsmen	3				3
Machinists [1]	55	1, 496	3, 597	3, 480	8, 628
Painters	12				12
Pipe fitters	12			145	157
Sheet metal workers	21			435	456
Ship fitters	20				20
Tool and die workers	2	264	968	580	1, 814
Welders	25	44	83	145	297
Other	10	264	470	1, 305	2. 049
Semiskilled	110	3, 344	11, 344	13, 630	28, 428
Apprentices	2		830	870	1, 702
Assemblers (erectors)	10	1, 188	2, 767	2, 900	6, 865
Bolters-up	15				15
Drill press operators		792	1, 107	1, 160	3, 059
Handy men	32				32
Holders-on	8				8
Machine operators, miscellaneous		352	3, 044	3, 770	7, 166
Painters		44	553	435	1, 032
Polishers		308	277	290	875
Punch and press operators			138	435	573
Riveters				290	290
Sheet metal machine operators		44	138	290	472
Stage builders and riggers	8				8
Welders, tack	5		138	290	433
Other	30	616	2, 352	2. 900	5, 898
Unskilled	100	1, 320	4, 151	4, 350	9, 921

IN KANSAS

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees		30, 000		500	30, 500
Professional and subprofessional		2, 400		15	2, 415
Draftsmen, etc		1, 500		10	1, 510
Engineers, etc		900		5	905
Skilled		9, 600		175	9. 775
Assemblers				20	20
Boilermakers				3	3
Carpenters				3	3
Cranemen				3	3
Electricians		150		5	155
Foremen		2, 400		20	2, 420
Grinder operators				10	10
Inspectors		1, 200		8	1, 208
Machinists [1]		2, 400		57	2, 457
Pipe fitters				3	3
Sheet metal workers		900		8	908

Break-down by States—Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items—Con.

IN KANSAS—Continued

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
Skilled—Continued.					
Tool and die workers		450		10	460
Welders		300		3	303
Other		1,800		22	1,822
Semiskilled		13,500		235	13,735
Apprentices				15	15
Assemblers (erectors)		4,500		50	4,550
Drill press operators		300		20	320
Machine operators, miscellaneous		150		64	214
Painters		300		8	308
Polishers		150		5	155
Punch and press operators		450		8	458
Riveters		3,300		5	3,305
Sheet metal machine operators		600		5	605
Skin fitters		900			900
Welders, tack		450		5	455
Other		2,400		50	2,450
Unskilled		4,500		75	4,575

IN MAINE

All employees	17,800			500	18,300
Professional and subprofessional	1,780			15	1,795
Draftsmen, etc	1,068			10	1,078
Engineers, etc	712			5	717
Skilled	8,544			175	8,719
Assemblers				20	20
Blacksmiths and anglesmiths	89				89
Boilermakers	89			3	92
Calkers and chippers	534				534
Carpenters	267			3	270
Cranemen	178			3	181
Drillers	178				178
Electricians	623			5	628
Foremen	712			20	732
Grinder operators				10	10
Inspectors				7	7
Joiners	178				178
Loftsmen	89				89
Machinists [1]	1,958			60	2,018
Painters	445				445
Pipe fitters	445			3	448
Sheet metal workers	748			7	755
Ship fitters	712				712
Tool and die workers	53			9	62
Welders	890			3	893
Other	356			22	378
Semiskilled	3,916			235	4,151
Apprentices	89			15	104
Assemblers (erectors)	356			50	406
Bolters-up	534				534
Drill press operators				20	20
Handy men	1,157				1,157
Holders-on	267				267
Machine operators, miscellaneous				64	64
Painters				8	8
Polishers				5	5
Punch and press operators				8	8
Riveters				5	5
Sheet metal machine operators				5	5
Stage builders and riggers	267				267
Welders, tack	178			5	183
Other	1,068			50	1,118
Unskilled	3,560			75	3,635

Break-down by States—Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items—Con.

IN MARYLAND

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees	20,500	27,000	4,500	19,539	71,539
Professional and subprofessional	2,050	2,160	225	586	5,021
Draftsmen, etc	1,230	1,350	135	391	3,106
Engineers, etc	820	810	90	195	1,915
Skilled	9,840	8,640	1,755	6,839	27,074
Assemblers			360	782	1,142
Barrel riflers and straighteners			135		135
Blacksmiths and anglesmiths	102				102
Boilermakers	102			98	200
Calkers and chippers	615				615
Carpenters	308			98	406
Cranemen	205			98	303
Drillers	205				205
Electricians	718	135	45	195	1,093
Foremen	820	2,160	180	782	3,942
Grinder operators			135	391	526
Inspectors		1,080	68	293	1,441
Joiners	205		585		790
Loftsmen	102				102
Machinists [1]	2,254	2,160		2,343	6,757
Painters	513				513
Pipe fitters	513			98	611
Sheet metal workers	861	810		293	1,964
Ship fitters	820				820
Tool and die workers	62	405	157	391	1,015
Welders	1,025	270	14	98	1,407
Other	410	1,620	76	879	2,985
Semiskilled	4,510	12,150	1,845	9,183	27,688
Apprentices	102		135	586	823
Assemblers (erectors)	410	4,050	450	1,954	6,864
Bolters-up	615				615
Drill press operators		270	180	782	1,232
Handy men	1,332				1,332
Holders-on	308				308
Machine operators, miscellaneous		135	494	2,541	3,170
Painters		270	90	293	653
Polishers		135	45	195	375
Punch and press operators		405	23	293	721
Riveters		2,970		195	3,165
Sheet metal machine operators		540	23	195	758
Skin fitters		810			810
Stage builders and riggers	308				308
Welders, tack	205	405	23	195	828
Other	1,230	2,160	382	1,954	5,726
Unskilled	4,100	4,050	675	2,931	11,756

IN MASSACHUSETTS

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees	28,200	1,500	9,000	6,400	45,100
Professional and subprofessional	2,820	60	450	192	3,522
Draftsmen, etc	1,692	30	270	128	2,120
Engineers, etc	1,128	30	180	64	1,402
Skilled	13,536	645	3,510	2,240	19,931
Assemblers			720	256	976
Barrel riflers and straighteners			270		270
Blacksmiths and anglesmiths	141				141
Boilermakers	141			32	173
Calkers and chippers	846				846
Carpenters	423			32	455
Cranemen	282			32	314
Drillers	282				282
Electricians	987	15	90	64	1,156

Break-down by States—Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items—Con.

IN MASSACHUSETTS—Continued

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
Skilled—Continued.					
Foremen	1,128	75	360	256	1,819
Grinder operators		143	270	128	541
Inspectors		60	135	96	291
Joiners	282				282
Loftsmen	141				141
Machinists [1]	3,102	254	1,170	768	5,294
Painters	705				705
Pipe fitters	705			32	737
Sheet-metal workers	1,184			96	1,280
Ship fitters	1,128				1,128
Tool and die workers	85	45	315	128	573
Welders	1,410	8	27	32	1,477
Other	564	45	153	288	1,050
Semiskilled	6.204	570	3,690	3,008	13,472
Apprentices	141		270	192	602
Assemblers (erectors)	564	202	900	640	2,307
Bolters-up	846				846
Drill-press operators		134	360	256	750
Handy men	1,833				1,833
Holders-on	423				423
Machine operators, miscellaneous		60	990	832	1,882
Painters		8	180	96	284
Polishers		53	90	64	207
Punch and press operators			45	96	141
Riveters				64	64
Sheet metal machine operators		8	45	64	117
Stage builders and riggers	423				423
Welders, tack	282		45	64	391
Other	1,692	105	765	640	3.202
Unskilled	5,640	225	1,350	960	8,175

IN MICHIGAN

All employees	2,400	54,512	27,300	7,628	91,840
Professional and subprofessional	240	4,361	1,365	229	6,195
Draftsmen, etc	144	2,726	819	153	3,842
Engineers, etc	96	1,635	546	76	2,353
Skilled	1,152	19,624	10,647	2,670	34,093
Assemblers			2,184	305	2,489
Barrel riflers and straighteners			819		819
Blacksmiths and anglesmiths	12				12
Boilermakers	12			38	50
Calkers and chippers	72				72
Carpenters	36			38	74
Cranemen	24			38	62
Drillers	24				24
Electricians	84	273	273	76	706
Foremen	96	3,271	1,092	305	4,764
Grinder operators		2,726	819	153	3,698
Inspectors		2,180	410	114	2,704
Joiners	24				24
Loftsmen	12				12
Machinists [1]	265	4,905	3,549	916	9,635
Painters	60				60
Pipe fitters	60			38	98
Sheet-metal workers	100	2,180		114	2,394
Ship fitters	96				96
Tool and die workers	7	1,090	955	153	2,205
Welders	120	273	82	38	513
Other	48	2,726	464	344	3,582

Break-down by States—Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessesl, machine tools, ordnance, and other defense items—Con.

IN MICHIGAN—Continued

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
Semiskilled	528	22, 350	11, 193	3, 585	37, 656
Apprentices	12		819	229	1, 060
Assemblers (erectors)	48	8, 722	2, 730	763	12, 263
Bolters-up	72				72
Drill-press operators		2, 726	1, 092	305	4, 123
Handy men	156				156
Holders-on	36				36
Machine operators, miscellaneous		1, 090	3, 002	993	5, 085
Painters			546	114	660
Polishers		1, 363	273	76	1, 712
Punch and press operators		545	137	114	796
Riveters		3, 816		76	3, 892
Sheet-metal machine operators		545	137	76	758
Skin fitters		1, 090			1, 090
Stage builders and riggers	36				36
Welders, tack	24	545	137	76	782
Other	144	1, 908	2, 320	763	5, 135
Unskilled	480	8, 177	4, 095	1, 144	13, 896

IN MISSOURI

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees		9, 100	24, 550	31, 000	64, 650
Professional and subprofessional		728	1, 228	930	2, 886
Draftsmen, etc		455	737	620	1.812
Engineers, etc		273	491	310	1, 074
Skilled		2, 912	9, 574	10, 850	23, 336
Assemblers			1, 963	1, 240	3, 203
Barrel riflers and straighteners			737		737
Boilermakers				155	155
Carpenters				155	155
Cranemen				155	155
Electricians		46	246	310	602
Foremen		728	982	1, 240	2, 950
Grinder operators			737	620	1, 357
Inspectors		364	368	465	1, 197
Machinists [1]		727	3, 191	3, 720	7, 638
Pipe fitters				155	155
Sheet-metal workers		273		465	738
Tool and die workers		137	859	620	1, 616
Welders		91	74	155	320
Other		546	417	1, 395	2, 358
Semiskilled		4, 095	10, 066	14, 570	28, 731
Apprentices			737	930	1, 667
Assemblers (erectors)		1, 364	2, 454	3, 100	6, 918
Drill-press operators		91	982	1, 240	2, 313
Machine operators, miscellaneous		46	2, 700	4, 030	6, 776
Painters		91	491	465	1, 047
Polishers		46	246	310	602
Punch and press operators		137	123	465	725
Riveters		1, 001		310	1, 311
Sheet-metal machine operators		182	123	310	615
Skin fitters		273			273
Welders, tack		137	123	310	570
Other		727	2, 087	3, 100	5, 914
Unskilled		1, 365	3, 682	4, 650	9, 697

Break-down by States—Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items—Con.

IN NEBRASKA

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees		15,000	1,500		16,500
Professional and subprofessional		1,200	75		1,275
Draftsmen, etc		750	45		795
Engineers, etc		450	30		480
Skilled		4,800	585		5,385
Assemblers			120		120
Barrel riflers and straighteners			45		45
Electricians		75	14		89
Foremen		1,200	60		1,260
Grinder operators			45		45
Inspectors		600	23		623
Machinists [1]		1,200	195		1,395
Sheet-metal workers		450			450
Tool and die workers		225	52		277
Welders		150	5		155
Other		900	26		926
Semiskilled		6,750	615		7,365
Apprentices			45		45
Assemblers (erectors)		2,250	150		2,400
Drill-press operators		150	60		210
Machine operators, miscellaneous		75	165		240
Painters		150	30		180
Polishers		75	14		89
Punch and press operators		225	8		233
Riveters		1,650			1,650
Sheet-metal machine operators		300	8		308
Skin fitters		450			450
Welders, tack		225	8		233
Other		1,200	127		1,327
Unskilled		2,250	225		2,475

IN NEW JERSEY

All employees	40,000	10,200	3,640	67,722	121,562
Professional and subprofessional	4,000	408	182	2,031	6,621
Draftsmen, etc	2,400	204	109	1,354	4,067
Engineers, etc	1,600	204	73	677	2,554
Skilled	19,200	4,386	1,420	23,704	48,710
Assemblers			291	2,709	3,000
Barrel riflers and straighteners			109		109
Blacksmiths and anglesmiths	200				200
Boilermakers	200			339	539
Calkers and chippers	1,200				1,200
Carpenters	600			339	939
Cranemen	400			339	739
Drillers	400				400
Electricians	1,400	102	36	677	2,215
Foremen	1,600	510	146	2,709	4,965
Grinder operators		969	109	1,354	2,432
Inspectors		408	55	1,016	1,479
Joiners	400				400
Loftsmen	200				200
Machinists [1]	4,400	1,734	473	8,127	14,734
Painters	1,000				1,000
Pipe fitters	1,000			339	1,339
Sheet-metal workers	1,680			1,016	2,696
Ship fitters	1,600				1,600
Tool and die workers	120	306	128	1,354	1,908
Welders	2,000	51	11	339	2,401
Other	800	306	62	3,047	4,215

Break-down by States—Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items—Con.

IN NEW JERSEY—Continued

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
Semiskilled	8, 800	3, 876	1, 492	31, 829	45, 997
Apprentices	200		109	2, 031	2, 340
Assemblers (erectors)	800	1, 377	365	6, 772	9, 314
Bolters-up	1, 200				1, 200
Drill-press operators		918	146	2, 709	3, 773
Handymen	2, 600				2, 600
Holders-on	600				600
Machine operators, miscellaneous		408	401	8, 805	9, 614
Painters		51	72	1, 016	1, 139
Polishers		357	36	677	1, 070
Punch and press operators			18	1, 016	1, 034
Riveters				677	677
Sheet-metal machine operators		51	18	677	746
Stage builders and riggers	600				600
Welders, tack	400		18	677	1, 095
Other	2, 400	714	309	6, 772	10, 195
Unskilled	8, 000	1, 530	546	10, 158	20, 234

IN NEW YORK

All employees	3, 300	29, 031	31, 265	36, 200	99, 796
Professional and subprofessional	330	2, 322	1, 563	1, 086	5, 301
Draftsmen, etc	198	1, 451	938	724	3, 301
Engineers, etc	132	871	625	362	1, 990
Skilled	1, 584	9, 290	12, 193	12, 670	35, 737
Assemblers			2, 501	1, 448	3, 949
Barrel riflers and straighteners			938		938
Blacksmiths and anglesmiths	16				16
Boilermakers	16			181	197
Calkers and chippers	99				99
Carpenters	50			181	231
Cranemen	33			181	214
Drillers	33				33
Electricians	115	145	313	362	935
Foremen	132	2, 323	1, 250	1, 448	5, 153
Grinder operators			938	724	1, 662
Inspectors		1, 161	469	543	2, 173
Joiners	33				33
Loftsmen	16				16
Machinists [1]	363	2, 323	4, 064	4, 344	11, 094
Painters	83				83
Pipe fitters	83			181	264
Sheet-metal workers	139	871		543	1, 553
Ship fitters	132				132
Tool and die workers	10	435	1, 094	724	2, 263
Welders	165	290	94	181	730
Other	66	1, 742	532	1, 629	3, 969
Semiskilled	726	13, 064	12, 819	17, 014	43, 623
Apprentices	16		938	1, 086	2, 040
Assemblers (erectors)	66	4, 355	3, 127	3, 620	11, 168
Bolters-up	99				99
Drill press operators		290	1, 251	1, 448	2, 989
Handy men	214				214
Holders-on	50				50
Machine operators, miscellaneous		145	3, 439	4, 706	8, 290
Painters		290	625	543	1, 458
Polishers		145	313	362	820
Punch and press operators		435	156	543	1, 134
Riveters		3, 194		362	3, 556
Sheet-metal machine operators		581	156	362	1, 099
Skin fitters		871			871
Stage builders and riggers	50				50
Welders, tack	33	435	156	362	986
Other	198	2, 323	2, 658	3, 620	8, 799
Unskilled	660	4, 355	4, 690	5, 430	15, 135

Break-down by States—Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft,; essels, machine tools, ordnance, and other defense items—Con.

IN OHIO

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees	4,600	47,762	29,780	23,292	105,434
Professional and subprofessional	460	3,821	1,489	699	6,469
Draftsmen, etc	276	2,388	893	466	4,023
Engineers, etc	184	1,433	596	233	2,446
Skilled	2,208	17,194	11,614	8,152	39,168
Assemblers	----------	----------	2,383	932	3,315
Barrel riflers and straighteners	----------	----------	893	----------	893
Blacksmiths and anglesmiths	23	----------	----------	----------	23
Boilermakers	23	----------	----------	116	139
Calkers and chippers	138	----------	----------	----------	138
Carpenters	69	----------	----------	116	185
Cranemen	46	----------	----------	116	162
Drillers	46	----------	----------	----------	46
Electricians	161	239	298	233	931
Foremen	184	2,866	1,191	932	5,173
Grinder operators	----------	2,388	893	466	3,747
Inspectors	----------	1,910	447	349	2,706
Joiners	46	----------	----------	----------	46
Loftsmen	23	----------	----------	----------	23
Machinists [1]	506	4,299	3,871	2,796	11,472
Painters	115	----------	----------	----------	115
Pipe fitters	115	----------	----------	116	231
Sheet-metal workers	193	1,910	----------	349	2,452
Ship fitters	184	----------	----------	----------	184
Tool and die workers	14	955	1,043	466	2,478
Welders	230	239	89	116	674
Other	92	2,388	506	1,049	4,035
Semiskilled	1,012	19,584	12,210	10,947	43,753
Apprentices	23	----------	893	699	1,615
Assemblers (erectors)	92	7,642	2,978	2,329	13,041
Bolters-up	138	----------	----------	----------	138
Drill-press operators	----------	2,388	1,191	932	4,511
Handy men	299	----------	----------	----------	299
Holders-on	69	----------	----------	----------	69
Machine operators, miscellaneous	----------	955	3,276	3,028	7,259
Painters	----------	----------	596	349	945
Polishers	----------	1,195	298	233	1,726
Punch and press operators	----------	478	149	349	976
Riveters	----------	3,343	----------	233	3,576
Sheet-metal machine operators	----------	478	149	233	860
Skin fitters	----------	955	----------	----------	955
Stage builders and riggers	69	----------	----------	----------	69
Welders, tack	46	478	149	233	906
Other	276	1,672	2,531	2,329	6,808
Unskilled	920	7,163	4,467	3,494	16,044

IN OKLAHOMA

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees	----------	15,400	----------	----------	15,400
Professional and subprofessional	----------	1,232	----------	----------	1,232
Draftsmen, etc	----------	770	----------	----------	770
Engineers, etc	----------	462	----------	----------	462
Skilled	----------	4,928	----------	----------	4,928
Electricians	----------	77	----------	----------	77
Foremen	----------	1,232	----------	----------	1,232
Inspectors	----------	616	----------	----------	616
Machinists [1]	----------	1,232	----------	----------	1,232
Sheet-metal workers	----------	462	----------	----------	462
Tool and die workers	----------	231	----------	----------	231
Welders	----------	154	----------	----------	154
Other	----------	924	----------	----------	924

Break-down by States—Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items—Con.

IN OKLAHOMA—Continued

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
Semiskilled		6,930			6,930
Assemblers (erectors)		2,310			2,310
Drill-press operators		154			154
Machine operators, miscellaneous		77			77
Painters		154			154
Polishers		77			77
Punch and press operators		231			231
Riveters		1,694			1,694
Sheet-metal machine operators		308			308
Skin fitters		462			462
Welders, tack		231			231
Other		1,232			1,232
Unskilled		2,310			2,310

IN PENNSYLVANIA

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees	22,400	16,936	37,460	63,504	140,300
Professional and subprofessional	2,240	1,355	1,873	1,905	7,373
Draftsmen, etc	1,344	847	1,124	1,270	4,585
Engineers, etc	896	508	749	635	2,788
Skilled	10,752	6,097	14,609	22,226	53,684
Assemblers			2,997	2,540	5,537
Barrel riflers and straighteners			1,124		1,124
Blacksmiths and anglesmiths	112				112
Boilermakers	112			318	430
Calkers and chippers	672				672
Carpenters	336			318	654
Cranemen	224			318	542
Drillers	224				224
Electricians	784	85	375	635	1,879
Foremen	896	1,016	1,498	2,540	5,950
Grinder operators		847	1,124	1,270	3,241
Inspectors		677	562	953	2,192
Joiners	224				224
Loftsmen	112				112
Machinists [1]	2,464	1,524	4,870	7,617	16,475
Painters	560				560
Pipe fitters	560			318	878
Sheet-metal workers	941	677		953	2,571
Ship fitters	896				896
Tool and die workers	67	339	1,310	1,270	2,986
Welders	1,120	85	112	318	1,635
Other	448	847	637	2,858	4,790
Semiskilled	4,928	6,944	15,359	29,848	57,079
Apprentices	112		1,124	1,905	3,141
Assemblers (erectors)	448	2,710	3,746	6,350	13,254
Bolters-up	672				672
Drill-press operators		847	1,499	2,540	4,886
Handy men	1,456				1,456
Holders-on	336				336
Machine operators, miscellaneous		339	4,121	8,257	12,717
Painters			749	953	1,702
Polishers		423	375	635	1,433
Punch and press operators		169	187	953	1,309
Riveters		1,186		635	1,821
Sheet-metal machine operators		170	187	635	992
Skin fitters		338			338
Stage builders and riggers	336				336
Welders, tack	224	169	187	635	1,215
Other	1,344	593	3,184	6,350	11,471
Unskilled	4,480	2,540	5,619	9,525	22,164

Break-down by States—Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items—Con.

IN TENNESSEE

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees	300	8, 300	9, 156	6, 710	24, 466
Professional and subprofessional	30	664	458	201	1, 353
Draftsmen, etc	18	415	275	134	842
Engineers, etc	12	249	183	67	511
Skilled	144	2, 656	3, 571	2, 349	8, 720
Assemblers			732	268	1, 000
Barrel riflers and straighteners			275		275
Blacksmiths and anglesmiths	2				2
Boilermakers	2			34	36
Calkers and chippers	9				9
Carpenters	5			34	39
Cranemen	3			34	37
Drillers	3				3
Electricians	10	42	92	67	211
Foremen	12	664	366	268	1, 310
Grinder operators			275	134	409
Inspectors		331	137	101	569
Joiners	3				3
Loftsmen	2				2
Machinists [1]	31	664	1, 191	804	2, 690
Painters	8				8
Pipe fitters	8			34	42
Sheet-metal workers	13	249		101	363
Ship fitters	12				12
Tool and die workers	1	125	320	134	580
Welders	14	83	27	34	158
Other	6	498	156	302	962
Semiskilled	66	3, 735	3, 754	3, 153	10, 708
Apprentices	2		275	201	478
Assemblers (erectors)	6	1, 243	916	671	2, 836
Bolters-up	9				9
Drill press operators		83	366	268	717
Handy men	18				18
Holders-on	5				5
Machine operators, miscellaneous		42	1, 006	872	1, 920
Painters		83	183	101	367
Polishers		42	92	67	201
Punch and press operators		125	46	101	272
Riveters		913		67	980
Sheet-metal machine operators		166	46	67	279
Skin fitters		249			249
Stage builders and riggers	5				5
Welders, tack	3	125	46	67	241
Other	18	664	778	671	2, 131
illed	60	1, 245	1, 373	1, 007	3, 685

IN TEXAS

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees	14, 300	22, 100	2, 250	3, 500	42, 150
Professional and subprofessional	1, 430	1, 768	113	105	3, 416
Draftsmen, etc	858	1, 105	68	70	2, 101
Engineers, etc	572	663	45	35	1, 315
Skilled	6, 864	7, 072	878	1, 225	16, 039
Assemblers			180	139	319
Barrel riflers and straighteners			68		68
Blacksmiths and anglesmiths	72				72
Boilermakers	72			18	90
Calkers and chippers	429				429
Carpenters	215			18	233
Cranemen	143			18	161
Drillers	143				143
Electricians	501	111	23	35	670
Foremen	572	1, 768	90	139	2, 569
Grinder operators			68	70	138

Break-down by States—Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items—Con.

IN TEXAS—Continued

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
Skilled—Continued.					
Inspectors		884	34	53	971
Joiners	143				143
Loftsmen	72				72
Machinists [1]	1, 572	1, 768	292	419	4, 051
Painters	358				358
Pipe fitters	358			18	376
Sheet-metal workers	600	663		53	1, 316
Ship fitters	572				572
Tool and die workers	43	332	78	70	523
Welders	714	221	7	18	960
Other	285	1, 325	38	157	1, 805
Semiskilled	3, 146	9, 945	922	1, 645	15, 658
Apprentices	72		68	105	245
Assemblers (erectors)	285	3, 314	224	350	4, 173
Bolters-up	429				429
Drill-press operators		221	89	140	450
Handy men	929				929
Holders-on	215				215
Machine operators, miscellaneous		111	247	454	812
Painters		221	45	53	319
Polishers		111	23	35	169
Punch and press operators		332	12	53	397
Riveters		2, 430		35	2, 465
Sheet metal machine operators		442	12	35	489
Skin fitters		663			663
Stage builders and riggers	215				215
Welders, tack	143	332	12	35	522
Other	858	1, 768	190	350	3, 166
Unskilled	2, 860	3, 315	338	525	7, 038

IN VIRGINIA

All employees	22, 300		9, 773	1, 934	34, 007
Professional and subprofessional	2, 230		489	58	2, 777
Draftsmen, etc	1, 338		293	39	1, 670
Engineers, etc	892		196	19	1, 107
Skilled	10, 704		3, 811	677	15, 192
Assemblers			782	77	859
Barrel riflers and straighteners			293		293
Blacksmiths and anglesmiths	112				112
Boilermakers	112			10	122
Calkers and chippers	668				668
Carpenters	335			10	345
Cranemen	223			10	233
Drillers	223				223
Electricians	781		98	19	898
Foremen	892		391	77	1, 360
Grinder operators			293	39	332
Inspectors			147	29	176
Joiners	223				223
Loftsmen	112				112
Machinists [1]	2, 452		1, 270	231	3, 953
Painters	557				557
Pipe fitters	557			10	567
Sheet-metal workers	937			29	966
Ship fitters	892				892
Tool and die workers	67		342	39	448
Welders	1, 115		29	10	1, 154
Other	446		166	87	699
Semiskilled	4, 906		4, 007	909	9, 822
Apprentices	112		293	59	464
Assemblers (erectors)	446		977	194	1, 617
Bolters-up	668				668
Drill-press operators			391	77	468
Handy men	1, 450				1, 450

Break-down by States—Defense labor requirements by occupation—Preliminary estimates of the numbers of additional workers required by April 1942 in the manufacture of aircraft, vessels, machine tools, ordnance, and other defense items—Con.

IN VIRGINIA—Continued

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
Semiskilled—Continued.					
Holders-on	335				335
Machine operators, miscellaneous			1, 075	251	1, 326
Painters			195	29	224
Polishers			98	19	117
Punch and press operators			49	29	78
Riveters				19	19
Sheet-metal machine operators			49	19	68
Stage builders and riggers	335				335
Welders, tack	223		49	19	291
Other	1, 337		831	194	2, 362
Unskilled	4, 460		1, 466	290	6, 216

IN WASHINGTON

State and occupational group	Shipbuilding	Aircraft	Machine tools and ordnance	Other	Total
All employees	28, 300	16, 600	100	600	45, 600
Professional and subprofessional	2, 830	1, 328	5	18	4, 181
Draftsmen, etc	1, 698	830	3	12	2, 543
Engineers, etc	1, 132	498	2	6	1. 638
Skilled	13, 584	5, 312	39	210	19, 145
Assemblers			8	24	32
Barrel riflers and straighteners			3		3
Blacksmiths and anglesmiths	141				141
Boilermakers	141			3	144
Calkers and chippers	849				849
Carpenters	425			3	428
Cranemen	283			3	286
Drillers	283				283
Electricians	991	83	1	6	1, 081
Foremen	1, 132	1, 328	4	24	2, 488
Grinder operators			3	12	15
Inspectors		664	1	9	674
Joiners	283				283
Loftsmen	141				141
Machinists[1]	3, 112	1, 328	13	72	4, 525
Painters	708				708
Pipe fitters	708			3	711
Sheet-metal workers	1, 189	498		9	1, 696
Ship fitters	1, 132				1, 132
Tool and die workers	85	249	4	12	350
Welders	1, 415	166		3	1, 584
Other	566	996	2	27	1, 591
Semiskilled	6, 226	7, 470	41	282	14, 019
Apprentices	141		3	18	162
Assemblers (erectors)	566	2, 490	10	60	3, 126
Bolters-up	848				848
Drill-press operators		166	4	24	194
Handy men	1, 840				1, 840
Holders-on	425				425
Machine operators, miscellaneous		83	10	78	171
Painters		166	2	9	177
Polishers		83	1	6	90
Punch and press operators		249	1	9	259
Riveters		1, 826		6	1, 832
Sheet metal machine operators		332	1	6	339
Skin fitters		498			498
Stage builders and riggers	425				425
Welders, tack	283	249	1	6	539
Other	1, 698	1, 328	8	60	3, 094
Unskilled	5, 660	2, 490	15	90	8, 255

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[1] Including such skilled jobs as boring mill operators, engine lathe operators, milling machine operators, etc.

Prepared May 20, 1941, by the Bureau of Labor Statistics, U. S. Department of Labor, subject to revision.

TESTIMONY OF SIDNEY HILLMAN—Resumed

HOUSING ALLOTMENTS AS COMPARED WITH PERMITS FOR PRIVATE BUILDING

Mr. HILLMAN. The second topic upon which information has been requested is a comparison of the housing allotments made to private builders by the Division of Defense Housing Coordination with the permits which have been issued for private building in those same localities within the last year. This matter is in the province of the Defense Housing Coordinator. We are in close touch with this housing problem in two ways. First, I have set up in the Labor Division a liaison service to keep the Housing Coordinator constantly apprised of labor requirements in defense areas, and to present to him the reports received thereon from the Bureau of Employment Security and the Bureau of Labor Statistics. Second, through our committee on plant sites, we study housing conditions and labor supply in areas where the contracting agencies of Government propose to locate defense plants. By advising these agencies on the housing and labor supply conditions we are able in many cases to bring about such location of new plants as will avoid severe housing shortages.

It is obvious that in order to insure swift and efficient production of defense materials, there must not only be an adequate supply of qualified labor, but also housing facilities at rent levels within the economic range of that labor. Now, addressing myself to the specific question put to me by the committee, I have here a tabulation listing 68 localities for which the Defense Housing Coordinator has established a quota for private builders. For 60 of these localities, there are comparable figures showing the total amount of private building done in 1940. In 30 of these localities, private building in 1940 was greater in amount than that recommended by the Coordinator to be privately constructed in 1941, and for 30 localities it was less.

TYPE OF HOUSING IN RELATION TO DEFENSE.

However, we cannot approach this problem solely from the standpoint of the amount of housing. We must also concern ourselves with the type of housing which defense workers require. Much of the new building consists in dwellings for purchase, whereas much of the requirement of defense workers is for rental housing. Some of them expect to go back, after the emergency, to the places from which they originally came.

While our facts are not complete, it is clear, that in many localities, the housing that is being built cannot be made available for defense workers. In Hartford, Conn., for example, of 1,190 permits filed for new dwelling units, financed from private funds, 898 had permit values of $4,000 or more, indicating purchase prices of $5,600 or more. Housing in this price category is generally out of the reach of defense workers. This situation is generally true of the cities covered in the tables which I am submitting for the record.

May I direct your attention to cases where the allocations of housing do not seem sufficient for the approaching requirements of defense labor? Wichita, Kans., will require 21,000 additional defense workers in the next 18 months, which is a very conservative estimate, of which 15,000 to 17,000 must apparently come from outside. But only 500 dwelling units are expected to be constructed by private interests and 1,000 units by public agencies. In the Seattle, Wash., area, during the next year from 50,000 to 55,000 workers will be required, of whom 28,000 to 30,000 must be secured from outside the main city area. One thousand dwellings have been allocated for private construction and 500 for public construction. There are other instances where the projected housing likewise seems insufficient.

I herewith present Exhibit B, containing tabulations of figures covering the requested information, together with a statement analyzing these figures.

The CHAIRMAN. Your exhibit will be received.

(The document referred to follows:)

EXHIBIT B.—COMPARISON OF DWELLING UNITS ALLOTTED FOR PRIVATE CONSTRUCTION WITH PERMITS FILED BY PRIVATE BUILDERS

I have been asked by the committee to make a comparison of the number of dwellings units allocated by the Defense Housing Coordinator to the private building industry in defense areas with the amount of private building during the past year in the same areas as evidenced by the filing of building permits. I wish to submit for the consideration of the committee a table listing the localities where the allocations [illegible] vate construction of defense housing have been made and showing the nu[illegible] dwelling units which have been assigned to private builders. This table [illegible] shows for the same localities the number of dwelling units [illegible] which building permits were filed by private builders during 1940 and the first quarter of 1941 as reported to the Bureau of Labor Statistics, United States Department of Labor.

Since some political subdivisions included in defense areas do not require building permits and others which require permits do not report them to the Bureau of Labor Statistics, two columns of population data are given in the table to indicate the extent of coverage. The first column of population data represents the total population of the defense areas as defined by the Defense Housing Coordinator's Office. The second column of population data represents total population of those communities reporting building permits.

Hasty conclusions should not be drawn from the figures presented in this table. This warning stems from the fact that the number of dwelling units allocated for private construction is the Defense Housing Coordinator's recommendation of the amount of housing which he considers private builders should provide for defense workers, whereas the information on building permits represents the total amount of residential construction of all types and for all persons undertaken by private builders.

Moreover, the allocation for private construction represnts future requirements, whereas the building permit data represents past performance. Information will be presented later for five of these defense communities showing the extent to which the housing constructed by private builders is too costly for defense workers. The figures showing the number of dwelling units constructed by private builders during 1940 and the first quarter of 1941 must be taken as a measure of the capacity and willingness of private builders to construct dwellings under conditions existing during that period. As conditions change, the willingness and capacity of builders to construct new dwellings will also change. According to the Bureau of Labor Statistics, permits were filed for 22.4 percent more dwellings during the first 4 months of 1941 than during the first 4 months of 1940 for the entire country, including both defense and nondefense areas.[1] It can be presumed that the increase averaged somewhat greater than this percentage in defense areas.

".500 BATTING AVERAGE NOT GOOD ENOUGH"

There are 68 localities listed in this table for which the Defense Housing Coordinator has established a quota for private builders. For eight of these localities no information on past building is available. The number of dwelling units recommended for private construction by the Housing Coordinator is greater than the total amount of private building during 1940 in 30 localities and less than the total amount of building in 30 localities. If it can be assumed that builders would duplicate their 1940 performance and that all housing constructed will be available to defense workers or will serve to make other units available to defense workers, this would give a .500 batting average, which might not appear too bad. However, in this emergency we cannot afford a .500 batting average. If workers are to be available for the expansion of production when needed, there must be houses ready for them at costs within their ability to pay.

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[1] Monthly Labor Review, June 1941, p. 1586.

Some persons will no doubt question comparing allocations with 1940 data. It is known that in many areas builders are bettering their 1940 performance by a substantial amount, but at the same time we must realize that not all the housing constructed by private builders is available for defense workers or will make housing available for defense workers. In the first place, migrating defense workers require rental housing for the most part. Few have the wherewithal to purchase new houses, and if they had, there is not the willingness to assume the obligation of home purchase immediately after securing a new job in a new community. If migrating defense workers purchase homes, it will be because lack of available rental housing at reasonable rents force them to do so. It is impossible to learn from the data available how much of the new housing being constructed is rental housing. However, the information available for five cities indicates that most of the new construction is single-family houses and such houses are usually built for sale. In the Hartford, Conn., area, for example, 1,111 of the 1,190 dwelling units for which permits were filed were in single-family buildings.

NEW HOUSING TOO COSTLY FOR DEFENSE WORKERS

In the second place, a large proportion of the dwellings constructed are too costly for occupancy by industrial workers. I submit for consideration by the committee five tables showing the number of dwelling units for which permits were filed classified by permit value. It is the experience of people who have dealt with building permit data that the value shown on building permits substantially understates the true cost of construction. Moreover, the estimated cost of construction includes no allowance for the cost of the lot on which the dwelling is placed. Studies made by the Bureau of Labor Statistics indicate that the actual cost of purchase, including the cost of the lot, average 40 percent more than the stated cost of construction as shown on the building permit. Let me quote some figures from these tables (tables 2 to 6).

EXAMPLES IN HARTFORD

In Hartford, Conn., during the period from July 1940, through January 1941, permits were filed for 1,190 new dwelling units. Of this number, 578, or almost one-half, had permits values of $5,000 or more. If we add 40 percent to $5,000 to arrive at an estimate of the total cost of these houses to purchasers, it is apparent that one-half of this construction is available to purchasers at prices ranging upwards from $7,000. In addition, there were 320 houses with permit cost of $4,000 to $5,000. Actual cost of these houses would range from $5,600 to $7,000. Even these houses are clearly out of reach of industrial workers. There were only 292 dwellings where the permit valuation was less than $4,000, i. e., less than a total actual cost of $5,600. A large number of these would also be out of the reach of industrial workers. To a greater or lesser extent the same situation is true in the other cities covered by these tables with the exception of Norfolk, Va.

EXAMPLES IN CAMDEN, QUINCY, PORTSMOUTH, AND NORFOLK

In the Camden, N. J., area, 431 of the 836 dwelling units covered by permits issued from July 1940 through March 1941 had permit values of $4,000 or more, or an estimated total purchase cost of $5,600 or more. In the Quincy, Mass., area, 473 of 811 permits filed showed valuations of $4,000 or more, or would cost some $5,600 or more to the purchaser. In the Portsmouth, N. H., area, 92 out of 286 permits from July 1940 through March 1941 had permit values of $4,000 or more.

In Norfolk, Va., on the other hand, there were only 264 of the 1,642 dwelling units covered by building permits which had valuations of $4,000 or more, and there were 1,144 with valuations of less than $3,000.

NEW HOUSING, ONCE REMOVED FROM WORKERS, IS NO SOLUTION

It is obvious from these figures that a large proportion of private building does not make housing directly available to industrial defense workers. No doubt some of the houses vacated by the purchasers of these higher priced homes are suitable for and are made available to defense workers. If not themselves occupied directly by defense workers, they are occupied by others who vacate their previous homes and after several shifts of this kind some dwellings may be made available to defense workers. In fact, during the past, we have depended almost entirely on this trickling-down process for the provision of homes for our lower income workers. That this process has not worked too well in the past is evidenced by the kind of housing that is occupied by large numbers of our low-income workers. We cannot depend on its working during this emergency when tens of thousands of new workers are being introduced into communities at a much higher rate than that at which purchasers can be found for high-priced homes.

PRIVATE BUILDERS ALSO FILLING NORMAL NEEDS

In the third place, it must not be forgotten that a large part of the construction being done by private builders is to meet the normal housing need of the defense areas. With increased employment families are undoubling and securing homes for themselves. Marriages which have been postponed because of lack of employment are taking place and result in a demand for additional housing. Moreover, it is common knowledge that the age composition of our population is changing and that there are more people at those ages where families are created, and that even in those areas where population is more or less permanent. the number of families is increasing. The resulting demands for housing may not be regarded as direct defense needs, but they are real demands and they do help absorb whatever housing there is available. There is no way of determining exactly how much housing is made available for defense workers by a given amount of construction, but it is my estimate that in the average community not more than one-half of the construction is available for industrial workers engaged in defense work, even when due allowance is made for the trading-up process.

EXAMPLES OF UNDUE RELIANCE ON PRIVATE INDUSTRY

The following are a few outstanding cases where it seems to me that undue reliance has been placed on private industry. In the Buffalo-Niagara, N. Y., area the coordinator allocated 4,000 units to private builders, whereas during the year 1940 there were only 1,149 new dwellings constructed in the greater part of the area. In Portsmouth, N. H., 600 units were allocated to private construction when only 124 were provided during 1940 by private builders. In Philadelphia, 11,000 units were allocated to private construction and during the year 1940 only 6,390 were provided. Allocations in Baltimore, Md., amounted to 9,000 dwellings, with a total 1940 construction of 5,835. In Vallejo, Calif., there were 1,800 units allocated whereas 1940 production did not exceed 281 units. Also, in Ogden, Utah, 850 units were assigned to private builders, while only 282 were built during 1940.

It must not be assumed from this statement that housing conditions are under control where the amount assigned to private builders is substantially less than what private builders constructed during 1940.

SHORTAGES IN WICHITA AND SEATTLE

The comparison is favorable for some localities only because the total amount programmed, including publicly and privately financed construction, is substantially under the requirements of the defense program. Wichita, Kans., is cited as an example; 500 units have been assigned to private construction, and funds for 1,000 units have been allocated for public construction. During 1940 there were 728 dwellings provided by private builders, and during the first quarter of 1941, 290 units were being provided. According to a recent report, which has been made available to the Housing Coordinator, 21,000 additional workers will be employed on defense work in Wichita during the next year and a half. Of this number a large proportion must come from outside the Wichita area and will require housing. This number may reach a total of 15,000 to 17,000 workers. They cannot be recruited unless substantially more housing is provided than is now being planned.

In the Seattle, Wash., area, exclusive of Tacoma and Bremerton, 1,000 dwellings have been assigned for private construction and 500 for public. Private builders in 1940 filed permits for 2,055 dwellings. My information is that during the next year 50,000 to 55,000 additional workers will be required in Seattle, and that 28,000 to 32,000 of these must be secured from outside the feasible commuting area. There will be no housing for these workers unless both public and private housing is greatly expanded, and without adequate housing it is extremely doubtful that labor requirements can be met.

There are other areas in which inadequate provision is being made to house the defense workers who must be brought in if defense schedules are to be met. Housing of defense workers in Buffalo, Philadelphia, Detroit, Hartford, and Baltimore is of deep concern from the standpoint of the recruitment and maintenance of an adequate labor supply.

TABLE 1.—*Dwelling units allotted for private construction within defense areas and permits filed by private builders during 1940 and first quarter 1941 in reporting places*

Locality	1940 population	Dwelling units allocated for private construction	Areas reporting building permits to Bureau of Labor Statistics			
			Number of places reporting in addition to central cities named	1940 population	New dwelling units by private builders—	
					1940	First quarter 1941
New England:						
Bridgeport, Conn	216,621	1,500	3	201,807	1,202	257
Hartford, New Britain, Meriden, Bristol, Conn	518,309	1,700	5	420,046	2,003	299
New London, Conn	47,960	100	0	30,456	61	9
Bath, Maine	2,650	200	(1)	(1)	(1)	(1)
Boston, Mass	1,534,120	1,000	16	1,534,120	2,567	416
Portsmouth, N. H	35,784	600	0	14,821	124	12
Middle Atlantic:						
Northern New Jersey [2]	2,795,004	5,000	117	2,593,220	8,137	--------
			118	2,604,663	--------	1,675
Buffalo and Niagara, N. Y	866,066	4,000	12	788,480	1,149	224
Sidney, N. Y	10,127	50	(1)	(1)	(1)	(1)
Allentown, Bethlehem, and Easton, Pa	330,002	1,000	9	252,411	405	92
Corry, Pa	10,932	100	(1)	(1)	(1)	(1)
Ellwood City and New Castle, Pa	80,587	50	(3)	47,638	24	0
Philadelphia, Pa. [4]	2,537,306	11,000	38	2,357,789	6,390	--------
			39	2,360,431	--------	1,610
Pittsburgh, Pa	1,475,735	10,000	47	1,130,206	2,398	--------
			45	1,118,794	--------	547
East North Central:						
Joliet, Ill	100,258	200	1	43,897	82	37
Davenport, Iowa, and Rock Island and Moline, Ill	174,995	1,325	2	149,555	1,051	126
Connersville, Ind	16,771	100	0	12,898	9	9
Fort Wayne, Ind	134,385	50	1	120,282	625	112
Kingsbury, and La Porte, Ind	23,632	150	(5)	16,180	57	4
Madison, Ind	14,832	50	0	6,923	3	(1)
South Bend, Ind	147,022	750	1	129,566	337	140
Detroit, Mich	2,148,666	10,000	25	2,008,729	14,408	--------
			30	2,025,098	--------	4,432
Muskegon, Mich	74,458	550	0	47,697	156	27
Canton, Ohio	200,352	300	2	138,033	406	117
Cleveland, Ohio	1,214,943	1,500	18	1,168,453	4,110	--------
			18	1,155,243	--------	975
Dayton, Ohio	271,513	750	2	223,914	829	189
Ravenna and Warren, Ohio	76,694	150	2	55,759	218	35
Manitowoc, Wis	42,557	150	1	34,706	146	14
West North-Central:						
Burlington, Iowa	32,863	450	0	25,832	55	27
Kansas City, Kans. and Mo	634,093	1,000	2	539,390	445	104
Wichita, Kans	127,308	550	0	114,966	728	290
Rolla and Waynesville, Mo	15,717	300	(1)	(1)	(1)	(1)
South Atlantic:						
Washington, D. C. [6]	[6] 914,000	7,000	(6)	914,000	15,460	4,611
Jacksonville, Fla	195,619	350	0	173,065	1,386	418
Key West, Fla	12,927	100	(1)	(1)	(1)	(1)
Miami, Fla	250,537	100	3	212,436	5,197	--------
			4	214,409	--------	678
Pensacola, Fla	48,573	300	0	37,449	302	49
Tampa and St. Petersburg, Fla	209,693	100	1	170,327	1,450	314
Macon, Ga	74,830	350	0	57,865	104	13
Baltimore, Md	1,009,517	9,000	8	984,237	5,835	--------
			7	970,871	--------	1,967
Fayetteville, N. C	38,131	110	0	17,428	368	111
Jacksonville, N. C	15,236	366	(1)	(1)	(1)	(1)

See footnotes at end of table.

TABLE 1.—*Dwelling units allotted for private construction within defense areas and permits filed by private builders during 1940 and first quarter 1941 in reporting places*—Continued

Locality	1940 population	Dwelling units allocated for private construction	Areas reporting building permits to Bureau of Labor Statistics			
			Number of places reporting in addition to central cities named	1940 population	New dwelling units by private builders—	
					1940	First quarter 1941
South Atlantic—Continued.						
Wilmington, N. C	46, 526	500	0	33, 407	32	22
Charleston, S. C	98, 711	150	1	72, 973	258	58
Columbia, S. C	89, 555	50	2 1	67, 648 64, 140	534 --------	-------- 193
Norfolk and Portsmouth, Va	250, 389	2, 350	1	203, 115	1, 092	303
Morgantown, W. Va	57, 563	150	0	16, 655	22	7
Charleston, W. Va	136, 332	400	3	87, 115	771	161
Charlotte, N. C	112, 986	50	0	100, 899	872	169
East South Central:						
Gadsden, Ala	47, 205	100	0	36, 975	326	62
Muscle Shoals, Ala	38, 647	250	(7)	13, 448	14	54
Biloxi, Miss	43, 498	50	2	34, 165	230	57
Meridian, Miss	58, 247	50	0	35, 481	160	32
Jackson, Milan, and Humboldt, Tenn	62, 710	100	(8) (8)	27, 367 32, 527	84 --------	-------- 78
Nashville, Tenn	241, 769	445	0	167, 402	356	76
West South Central:						
Leesville, La	15, 548	490	(1)	(1)	(1)	(1)
New Orleans, La	540, 030	80	0	494, 537	1, 207	281
Corpus Christi, Tex	107, 615	500	1	64, 081	1, 495	428
Beaumont, Port Arthur, and Orange, Tex	166, 863	150	0	112, 673	565	150
Dallas and Fort Worth, Tex	584, 225	850	3	498, 375	4, 191	1, 045
San Antonio, Tex	338, 176	200	1	259, 554	1, 278	358
Victoria, Tex	23, 741	50	(1)	(1)	(1)	(1)
Wichita Falls, Tex	53, 984	530	0	45, 112	271	63
Mountain: Ogden, Utah	55, 364	850	0	43, 688	282	92
Pacific:						
San Francisco and Oakland, Calif	1, 331, 071	900	24	1, 252, 150	11, 194	2, 740
Vallejo, Calif	73, 590	1, 800	2	35, 193	281	85
Bremerton, Wash	29, 232	500	0	15, 134	288	87
Seattle, Wash	452, 639	1, 000	1	370, 386	2, 055	555

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[1] No reports.

[2] Includes areas of Jersey City, Newark, Caldwell, Paterson, Dover, Bound Brook, Long Branch, Sandy Hook, and New Brunswick.

[3] Only New Castle reporting.

[4] Includes areas of Philadelphia, Bucks County, Chester, and Delaware County.

[5] Only La Porte reporting.

[6] Includes, in addition to the metropolitan area as defined for 1930, districts 5, 9, 15, 3, 7, and part of 10, in Prince Georges County, Md., and part of district 5 in Montgomery County, Md. The total population of the area is an estimate because of the divided districts.

[7] Tuscumbia and Sheffield reporting, Muscle Shoals not reporting.

[8] Jackson and Milan reporting in 1940 and 1941, Humboldt only in 1941.

Prepared in the Bureau of Labor Statistics, U. S. Department of Labor, Division of Construction and Public Employment.

TABLE 2.—*Family-dwelling units provided in the Hartford, Conn., area [1] as indicated by building permits issued in July 1940 to January 1941, inclusive, by cost class and place of issuance*

	Total	Hartford	West Hartford	Manchester	East Hartford	Wethersfield	Newington	Glastonbury	Bloomfield	Rocky Hill [2]	Windsor	South Windsor	Rockville [3]	Windsor Locks [4]	East Windsor [2]
Total	1, 190	149	378	221	107	95	63	39	32	32	27	19	12	9	7
Over 5,000	578	35	292	46	60	77	27	10	8	-----	9	7	-----	3	4
4,000 to 4,999	320	33	78	94	26	18	26	14	12	-----	10	4	2	1	2
3,000 to 3,999	217	75	8	79	19	-----	10	4	7	-----	5	5	1	3	1
2,000 to 2,999	19	6	-----	1	2	-----	-----	-----	5	-----	1	2	-----	2	-----
1,000 to 1,999	12	-----	-----	-----	-----	-----	-----	10	-----	-----	1	1	-----	-----	-----
Under 1,000	3	-----	-----	1	-----	-----	-----	1	-----	-----	1	-----	-----	-----	-----
Not reported	41	-----	-----	-----	-----	-----	-----	-----	-----	32	-----	-----	9	-----	-----

[1] Includes—

	Population (1930)
Bloomfield (town)	3, 247
East Hartford (town)	17, 125
East Windsor (town)	3, 815
Glastonbury (town)	5, 783
Hartford (city)	164, 072
Manchester (town)	21, 973
Newington (town)	4, 572
Rockville (city) and Vernon (town)	8, 703
Rocky Hill (town)	2, 021
South Windsor (town)	2, 535
West Hartford (town)	29, 941
Wethersfield (town)	7, 512
Windsor (town)	8, 290
Windsor Locks (town)	4, 073
Total	283, 662

[2] Building permits not required; data obtained from town clerk.

[3] Includes data for city of Rockville and Vernon (town).

[4] Building permits not required; data obtained from building and loan association, leading builder and building-material dealer, and confirmed by town clerk.

TABLE 2A.—*Family-dwelling units provided in the Hartford, Conn., area [1] as indicated by building permits issued February to April 1941, inclusive, by cost class and place of issuance*

	Total	Hartford	West Hartford	Manchester	East Hartford	Wethersfield	Newington	Glastonbury	Bloomfield	Rocky Hill	Windsor	South Windsor	Rockville	Windsor Locks	East Windsor
Total	467	81	137	53	46	48	34	16	11	6	15	4	11	5	-----
Over 5,000	247	18	98	15	18	48	23	6	10	5	4	1	-----	1	-----
4,000 to 4,999	127	38	19	26	12	-----	9	6	1	1	6	1	7	1	-----
3,000 to 3,999	67	13	20	12	14	-----	1	1	-----	-----	1	1	4	-----	-----
2,000 to 2,999	6	-----	-----	-----	1	-----	-----	1	-----	-----	3	1	-----	-----	-----
1,000 to 1,999	7	-----	-----	-----	1	-----	1	2	-----	-----	-----	-----	-----	3	-----
Under 1,000	13	12	-----	-----	-----	-----	-----	-----	-----	-----	1	-----	-----	-----	-----

[1] Includes—

	Population (1930)
Bloomfield (town)	3, 247
East Hartford (town)	17, 125
East Windsor (town)	3, 815
Glastonbury (town)	5, 783
Hartford (city)	164, 072
Manchester (town)	21, 973
Newington (town)	4, 572
Rockville (city) and Vernon (town)	8, 703
Rocky Hill (town)	2, 021
South Windsor (town)	2, 535
West Hartford (town)	29, 941
Wethersfield (town)	7, 512
Windsor (town)	8, 290
Windsor Locks (town)	4, 073
Total	283, 662

Prepared in the Bureau of Labor Statistics, U. S. Department of Labor, Division of Construction and Public employment.

TABLE 3.—*Family-dwelling units provided in the Camden, N. J., area as indicated by building permits issued July 1940 to March 1941, inclusive, by location of construction and cost classes*[1]

Location of construction	Permit valuation per unit						
	Total	5,000 and over	4,000 to 4,999	3,000 to 3,999	2,000 to 2,999	1,000 to 1,999	Under 1,000
Total	836	169	262	307	44	26	28
Audubon	18	4	12	2			
Barrington Borough	1		1				
Bellmawr Borough	61			59	2		
Berlin Borough	1		1				
Brooklawn Borough							
Camden	118	9	75	18	16		
Clementon Borough	1		1				
Collingswood Borough	28	24	2	2			
Delaware Township	19	3	4	3	2	2	5
Deptford Township	16			3	1	4	8
East Greenwich Township	6			3	2		1
Gibbsboro Borough	1				1		
Gloucester	31	3	7	16	4	1	
Gloucester Township	7			6		1	
Greenwich Township	10			1	1	8	
Haddonfield Borough	35	30	5				
Haddon Heights Borough	58	20	31	7			
Haddon Township	100	27	48	24	1		
Laurel Springs Borough	1			1			
Lindenwold Borough	3				3		
Magnolia Borough	1			1			
Mantua Township	7	1			2	2	2
Merchantville Borough	2	2					
Mount Ephraim Borough	69	2	2	64	1		
Oaklyn Borough	23	4	9	10			
Paulsboro Borough	23	2	8	11	1		1
Pensauken Township	65	11	28	25	1		
Pine Hill Borough	4					1	3
Pitman Borough	8	2	3	3			
Runnemede Borough	4			1	3		
Tavistock Borough	5	5					
Washington Township	8					2	6
Wenonah Borough	2	1	1				
West Deptford Township	3			1		2	
Westville Borough	57	4	11	37	3	2	
Woodbury	30	15	6	9			
Woodbury Heights Borough	10		7			1	2

[1] During the period surveyed July 1940 to March 1941, inclusive, no construction activity was reported in the following places: Berlin Township, Glassboro Borough, Hi-Wella Borough, Lawnside Borough National Park Borough, Pine Valley Borough, Somerdale Borough, Stratford Borough, Voorhees Township, and Woodlynne Borough.

Prepared in the Bureau of Labor Statistics, U. S. Department of Labor, Division of Construction and Public Employment.

TABLE 4.—*Family-dwelling units provided in the Quincy, Mass., area as indicated by building permits issued July 1940 to January 1941, inclusive, by cost class and place of issuance*

	Total	Quincy	Weymouth	Hingham	Braintree	Milton	Dedham	Canton	Randolph	Holbrook	Hull
Total	811	196	185	142	134	79	38	13	13	6	5
Over 5,000	244	13	33	119	18	41	13	5	1	1	
4,000 to $4,999	229	47	91	10	27	34	5	4	10		1
3,000 to 3,999	207	42	54	8	80	4	14	3	2		
2,000 to 2,999	95	70	4	3	7		5	1		5	
1,000 to 1,999	34	23	3	1	2		1				4
Under 1,000	2	1		1							

Prepared in the Bureau of Labor Statistics, U. S. Department of Labor, Division of Construction and Public Employment.

TABLE 5.—*Family dwelling units provided in the Quincy, Mass., area, as indicated by building permits issued in February 1941 to April 1941, inclusive, by cost class and place of issuance*

	Total	Quincy	Weymouth	Hingham	Braintree	Milton	Dedham	Canton	Randolph	Holbrook	Hull
Total	253	84	60	12	27	44	8	10	4	2	2
Over 5,000	59	6	14	4	1	29	3	2			
4,000 to 4,999	91	18	25	6	17	15	3	4	1	2	
3,000 to 3,999	48	16	14	1	8		2	3	3		1
2,000 to 2,999	45	40	3	1	1						
1,000 to 1,999	9	4	3					1			
Under 1,000	1		1								

Prepared in the Bureau of Labor Statistics, U. S Department of Labor, Division of Construction and Public Employment.

TABLE 6.—*Family-dwelling units provided in the Portsmouth, N. H., area* [1] *as indicated by building permits issued July 1940 to March 1941 inclusive by cost class and place of issuance*

	Total	Kittery, Maine	Portsmouth, N. H.	Hampton, N. H.[2]	Rye, N. H.	York, Maine	Elliott, Maine	Newcastle, N. H.	North Hampton, N. H.	Berwick, Maine	South Berwick, Maine	Newington, N. H.	Greenland, N. H.
Total	286	90	69	32	20	17	13	11	11	10	7	5	1
Over 5,000	29	4	22			2			1				
4,000 to 4,999	63	7	21		18	5	1		7		3	1	1
3,000 to 3,999	81	47	15		2	1	5	3	3		3	2	
2,000 to 2,999	57	16	9	13		5	3	4		4	1	2	
1,000 to 1,999	27	8	1	11		2	1	2		1		1	
Under 1,000	29	8	1	8		2	3	2		5			

[1] Includes:

	Population (1930)
Berwick, Maine (town)	1,961
Elliott, Maine (town)	1,462
Greenland, N. H. (town)	577
Hampton, N. H. (town)	1,507
Kittery, Maine (town)	4,400
Newcastle, N. H. (town)	378
Newington, N. H. (town)	381
North Hampton, N. H. (town)	695
Portsmouth, N. H. (city)	14,495
Rye, N. H. (town)	1,081
South Berwick, Maine (town)	2,650
York, Maine (town)	2,532
Total	32,119

[2] Cost data obtained from assessor's records represent 60 percent of cost of construction. For the purposes of this table 40 percent has been added to the assessed valuations reported.

Prepared in the Bureau of Labor Statistics, U. S. Department of Labor, Division of Construction and Public Employment.

TABLE 7.—*Family-dwelling units provided in the Norfolk, Va., area as indicated by building permits issued July 1940 to February 1941 inclusive, by cost class and location of construction*

Permit valuation per unit	Total	Location of construction						
		Portsmouth, city	Norfolk, city	South Norfolk, city	Tanners Creek district	Western Branch district	Washington district	Deep Creek district
Total	1,642	156	761	17	246	202	63	197
$5,000 and up	123	4	97	1	5	14	1	1
$4,000 to $4,999	141	2	87	3	16	27	1	5
$3,000 to $3,999	234	15	94	5	75	29	5	11
$2,000 to $2,999	924	96	430	5	108	120	21	144
$1,000 to $1,999	135	36	42	3	25	5	13	11
Under $1,000	85	3	11		17	7	22	25

Prepared in the Bureau of Labor Statistics, U. S. Department of Labor, Division of Construction and Public Employment.

TESTIMONY OF SIDNEY HILLMAN—Resumed

TRAINING FOR MAXIMUM USE OF LOCAL LABOR SUPPLY

Mr. Hillman. Now, as I have said, there are many considerations besides housing which have made the Labor Division anxious to avert a migratory-labor situation. I turn at this point to a brief description of some methods invoked to avoid and reduce this problem. In a word, our major policy in supplying manpower to defense industries has been that the fullest possible use should be made of the labor supply that is locally resident in the vicinity of the defense plants. The condition we have striven to bring about is the exact opposite of a condition of migration. It involves the hiring, by defense employers, of the highest possible amounts of local labor, plus the training of that labor to qualify it for the defense jobs of its locality.

We started on this training program in the first days of the defense effort, last June. The Labor Division brought about the corrdination, for this work, of the U. S. Employment Service, the U. S. Office of Education, the N. Y. A., and all other Federal agencies dealing with defense training and employment. The Employment Service, through its 1,500 offices throughout the country, enrolled and registered defense workers and gathered information on how many workers and what kinds of skill the defense contractors would need in each area.

REORGANIZATION INTO 12 REGIONS FOR PLACEMENT

It is this system which I have recently reorganized along lines which extend and strengthen the accomplishments of the first year. Also, the Nation has been divided into 12 regions and the same 12 Government units are combined under a single regional chairman, who is in all cases the district representative of the Bureau of Employment Security. Thousands of defense contractors are being contacted at regular 2-week intervals, so that we can ascertain their future labor requirements and provide for them by finding the needed workers. All this is being done with direct relation to the actual needs of the defense employers.

O. P. M. urges defense contractors in all cases to utilize the U. S. Employment Service which we have established, and the great majority of them are doing so.

During the first 11 months of the defense effort, the Bureau of Employment Security registered more than 6,500,000 workers, and placed 1,500,000 of them in jobs, for the most part defense jobs. Wherever stringencies in certain skills appeared, our training program went into operation.

IN-PLANT AND OUT-OF-PLANT TRAINING

There are two broad divisions of that program—training in vocational classes outside of industry, and training within industry. Let me briefly describe them.

The training outside of industry includes three kinds of classes. There is the primary or preemployment training. There is the training for former skilled workers whose skills may have grown rusty because they worked in other callings during the depression. And there is the specialized training or supplementary courses, largely out-of-hours courses for defense workers who desire to upgrade their skills.

Starting July 1, 1940, and up to May 31, 1941, 716,655 individual workers were trained in the preemployment, refresher and supplementary courses. Out-of-school youth, rural and nonrural, were trained in vocational courses to the number of 132,253 individuals. The W. P. A. has supported a great many of these trainees. The vocational courses on the N. Y. A. work projects trained 125,000, and the various engineering colleges trained 95,529. That is a total of 1,059,347 persons trained, and in addition, on June 21, 1941, the National Youth Administration had 354,936 young people employed in its out-of-school work program. The Apprenticeship Unit of the U. S. Department of Labor further reported 51,200 apprentices working in various approved plants and shops.

I herewith submit Exhibit C, covering developments in labor supply and training from July 1, 1940, up to a recent date.

The Chairman. Your exhibit will be received.

(The document referred to follows:)

Exhibit C.—Report of Labor Supply and Training

The Labor Division of the Office of Production Management has as one of its major functions the provision of an adequate and continuous supply of trained manpower for the defense program. The Labor Supply Branch of the Labor Division brings together and guides the activities of the various governmental units associated with the recruitment, training, and placement of workers for the defense program. The execution of policies, plans, and operations are carried out by the governmental units concerned, in conformity with Labor Division policies arrived at by the Labor Supply Branch and approved by the Associate Director General of the Office of Production Management.

The efficient use of the Nation's labor supply and training facilities requires that the movement and training of workers be directed to the needs of the defense program. This requires that the training programs be geared to the predictable demands of defense employers in order to avoid wasting needed training facilities on occupations in which there is no present or anticipated demand. Furthermore, in order to minimize unnecessary migration, local labor should be recruited and trained as far as compatible with productive efficiency, and importation of workers or trainees should be discouraged except when local labor supply is exhausted or when the pressure of time makes adequate local training impracticable. When it is necessary to import workers to be trained, they should be selected carefully to meet the needs existing in the community. Only by careful planning and shared responsibility can there be assured effective utilization of our training facilities and our reserve of labor resources.

Sound policy dictates that from every point of view the present labor requirements of defense employers can be met best by making the most efficient use of all reserves of labor. Training programs, both public and within the plant, should be greatly intensified to supply workers in the numbers and occupations needed on the one hand and to use fully the skills of workers already employed on the other.

As priorities on raw materials and machinery are made, there must be effective arrangements for the placements of those who may be displaced through the operation of priorities. Otherwise, displacements will occur in the labor market, resulting in wasteful and inefficient use of manpower.

GOVERNMENT AGENCIES WORKING ON LABOR SUPPLY

The following governmental units are carrying out assigned responsibilities and functions at the regional, State, and local levels in order to secure an adequate supply of trained manpower for the defense program:

United States Employment Service, Bureau of Employment Security, Social Security Board, Federal Security Agency.
United States Office of Education, Federal Security Agency.
National Youth Administration, Federal Security Agency.
Work Projects Administration, Federal Works Agency.
United States Civil Service Commission.

Training-Within-Industry, Labor Division, Office of Production Management.
Federal Committee on Apprenticeship, Division of Labor Standards, Department of Labor.

NATIONAL DEFENSE TRAINING PROGRAMS

Three constituent units of the Federal Security Agency are carrying out responsibilities and functions in connection with the training of workers for defense industries, which training is conducted outside of industry. These are as follows:

UNITED STATES EMPLOYMENT SERVICE, BUREAU OF EMPLOYMENT SECURITY, SOCIAL SECURITY BOARD, FEDERAL SECURITY AGENCY

Through its 1,500 local employment-service offices, in connection with the training program, collects and makes available labor-market information concerning the supply of and demand for workers in both defense and nondefense occupations; determines the occupations and number for defense training; and selects and refers persons to defense training courses.

UNITED STATES OFFICE OF EDUCATION, FEDERAL SECURITY AGENCY

The Vocational Training of Defense Workers Section of this Agency is responsible for the major part of the vocational-training program for defense workers operated by public schools. Through regional and field agents it cooperates with the State and local boards of vocational education in the administration and supervision of the program. The present vocational training program for defense workers provides for the following types of courses:

I. Preemployment courses for unemployed persons selected from the employment-service registers, from Work Projects Administration projects, and National Youth Administration work projects.
II. Supplementary courses for employed persons and apprentices for the purpose of expanding their skill and knowledge in essential or allied defense occupations.
III. Preemployment vocational courses for out-of-school rural youth.

The Engineering Defense Training Section of this Agency is responsible for the defense training courses provided by degrees-granting colleges and universities designed to meet the shortage of engineers, chemists, physicists, and production superviros in fields essential to the national defense.

NATIONAL YOUTH ADMINISTRATION, YOUTH WORK DEFENSE PROGRAM, FEDERAL SECURITY AGENCY

This Federal Agency's out-of-school work program for needy unemployed young people between the ages of 17 and 24, inclusive, provides part-time employment in resident and workshop projects which furnish work experience preparatory to employment in defense occupations.

The policies governing the establishment and operation of the public defense training program are briefly summarized as follows:

1. *Defense occupations.*—The List of Occupations, approved by the Office of Production Management, for vocational-training courses for defense workers, lists the occupations in which training may be given under the defense training program. Instructions will be issued with reference to the emergence of a shortage of workers in an occupation, or occupations, not included in this list. The determination of training in occupations not included in this list will be referred through regular channels to the Director of Defense Training of the Federal Security Agency and by him to the Office of Production Management for approval or disapproval.

2. *Supplementary courses.*—Supplementary and extension courses for employed workers are closely coordinated to the "training-within-industry" program, including apprentice training. In the expenditure of funds for equipment for vocational schools, first consideration will be given to facilities for supplementary courses.

3. *Preemployment courses.*—In general, the number of trainees to be given preemployment training should be restricted to the number of jobs in defense industries which are now open or may be open within a reasonable period from the time of the completion of the course. The number of workers to be given training in excess of known needs and the occupations in which such training

should be given will be authorized by the Office of Production Management through the Director of Defense Training.

4. *Reserve labor resources.*—(*a*) Women workers: The training of women workers shall be related to existing or anticipated employment opportunities for women in specific defense occupations. As the general labor market tightens, the Office of Production Management will take steps to promote the employment of women and will advise the Director of Defense Training from time to time in what occupations, in what number, and in what places the training of women shall be extended in accordance with such policy.

(*b*) Negro workers: There will be no discrimination because of race or color in the selection of trainees for the defense training courses. Negroes will be trained in selected occupations in communities where at the present time there may be no employment opportunities for them, but in which it is probable that their services will be used at a later date by defense contractors.

(*c*) Foreign-born workers and workers of foreign-born parentage: In view of the prospective shortage of manpower, particular attention should be paid to the training and placement of foreign-born workers and workers of foreign-born parentage in defense occupations in which there are employment opportunities.

(*d*) Conservation of farm labor: In view of the potential shortage of farm labor, in certain regions in which the national policy requires an expansion of production, the specific training of rural youth for defense occupations should be carried on in relation not only to nonagricultural defense industries' labor requirements, but also with due consideration to the defense agricultural labor requirements. The Office of Production Management will determine and advise the Director of Defense Training, from time to time, the rural areas specifically affected.

I am submitting the information which is available through the United States Office of Education on the enrollment in vocational defense training classes. While these are for different periods, they are the latest available detailed figures.

The detailed figures available on net enrollments in defense training courses are as follows:

Preemployment refresher and supplementary courses (data as of May 31, 1941)	206, 124
Out-of-school rural and nonrural youth, vocational training courses (data as of Mar. 31, 1941)	92, 368
Vocational courses for youth on National Youth Administration work projects (data as of Mar. 31)	87, 098
Engineering defense training courses (data as of Apr. 30)	95, 529
Total of all vocational defense training courses	481, 119

The estimated total number enrolled in defense training courses since the beginning of each program is as follows:

Preemployment refresher and supplementary courses (period July 1, 1940, to May 31, 1941)	706, 655
Out-of-school rural and nonrural youth in vocational training courses (period Dec. 1, 1940, to Mar. 31, 1941)	132, 253
Vocational courses for youth on National Youth Administration work projects (period Dec. 1, 1940, through Mar. 31, 1941)	125, 000
Engineering defense training courses (period Dec. 1, 1940, through Apr. 30, 1941)	95, 529
Estimated total enrollments of all defense training programs	1, 059, 437

The National Youth Administration has submitted information as of June 21, 1941. At that time there were 354,936 youth employed on the National Youth Administration out-of-school work program. Of these 91,882 were working on construction projects, 127,437 were employed in local workshops, 30,377 in resident work centers and 102,240 were doing such work as providing clerical assistance to local governmental agencies, public health and hospital work, recreational assistance to draft boards and military establishments, etc.

The National Youth Administration work project employment in the local workshop and work resident center is particularly identified with the defense-training program. These work projects are related to the requirements of defense industries and provide the young people part-time employment in order to prepare and qualify them for employment in industry.

National Defense Vocational Training Program

The latest available statistics on enrollment in preemployment-refresher and supplementary courses as of May 31, 1941, appear in table 1 below. These data have been reported by the States by wire to Washington. The circumstances under which the States are able to submit enrollment figures within a short period after the close of the month vary. Consequently, the reliability of these figures is subject to some limitations. However, prior to the preparation of this table all figures were subjected to certain procedures of statistical verification, such as comparing the figures for this month with those of previous reports and with trends. The plan of telegraphic reports, though new to State authorities, appears to be increasingly practicable. This, the third monthly telegraphic report, is considerably more dependable than earlier reports. In cases where figures from States were questioned as a result of statistical analysis, more dependable figures were prepared by estimate and were substituted. These are indicated by footnotes in the table.

The tentative enrollments shown in table 1, as of May 31, 1941, in preemployment-refresher and supplementary courses, were as follows:

	Preemployment-refresher courses	Supplementary courses
Total number in training July 1, 1940, to May 31, 1941	335, 381	371, 274
Number concluding training by May 31, 1941	264, 509	236, 022
Net enrollment on May 31, 1941	70, 872	135, 252

On May 31, 1941, the net enrollment in preemployment refresher courses as reported in table 1 was 70,872 and in supplementary courses, 135,252. There had been a total of 335,381 in preemployment refresher courses from the beginning of the program to May 31, 1941, and a total of 371,274 in supplementary courses over the same period. Of the 335,381 enrollments in preemployment refresher courses recorded to May 31, 1941, 70,872 were still in training, leaving a balance of 264,509 enrollments for which training had been concluded. Of the latter, approximately one-half represent individuals known to have concluded training to secure employment. The report of employment from preemployment refresher courses, 129,901, is not statistically comparable to the total enrollment figure, 335,381. The actual percentage of individuals who have been in training, who are known to have secured employment, will appreciably exceed 50 percent.

Also contained in the present report is a detailed tabulation of individual course reports as received in Washington for the out-of-school youth training program. The figures in tables 2 and 3 were summarized at an earlier date by telegrams received from the States. The data for the month of March indicate that at that time new enrollments exceeded discontinued enrollments by more than 5,000 during the month. The indications are that this program has continued to expand rapidly. It is estimated that there will be 300,000 total enrollment in this program by July 1, 1941. A small percentage of persons in training in this program are females. However, as of March 31, 1941, 12,785 of the 92,368 active enrollments reported, represented Negro registrations. Over 83 percent of enrollments on that date were of trainees residing in rural territory. Reported also are 12,250 registrations of enrollees of the Civilian Conservation Corps and 3,630 youths from the National Youth Administration.

As may be seen in tables 4 and 5, auto-mechanics courses and woodworking courses are those in which there are the largest numbers of enrollments in the out-of-school youth program. The smallest enrollment is found in metal-work and electricity courses. There were, as of March 31, 1941, a total of 8,981 enrollments in the out-of-school youth program in the various specific preemployment categories. It is expected that all of these will become preemployment courses in the VE–ND program beginning July 1, 1941. That represents a small proportion of the courses offered in the out-of-school youth program.

TABLE 1.—*Report of enrollment in preemployment refresher and supplementary courses, for month ending May 31, 1941*

State or Territory	Preemployment refresher			Supplementary	
	Net enrollment at end of period	Cumulative enrollment from July 1940	Total number of persons securing employment from July 1940	Net enrollment at end of period	Cumulative enrollment from July 1940
Total	70,872	335,381	129,901	135,252	371,274
Alabama	442	1,342	405	1,951	6,214
Arizona	180	564	157	0	281
Arkansas	118	612	76	1,356	2,629
California	6,805	31,652	11,463	16,129	[1] 40,000
Colorado	612	3,447	792	1,257	[1] 3,230
Connecticut	790	8,879	6,676	1,986	6,952
Delaware	52	[1] 750	236	250	[1] 540
Florida	839	2,833	982	4,875	[1] 7,000
Georgia	1,171	3,255	603	2,672	5,723
Idaho	538	1,131	179	65	118
Illinois	4,259	[1] 19,000	16,844	8,612	[1] 22,000
Indiana	1,614	9,511	4,196	4,704	[1] 12,000
Iowa	204	1,166	433	535	[1] 2,000
Kansas	1,124	5,324	2,093	456	[1] 1,200
Kentucky	602	[1] 4,000	1,270	2,034	[1] 7,500
Louisiana	913	2,945	639	1,458	2,855
Maine	497	1,163	166	102	531
Maryland	869	[1] 6,100	4,347	3,385	[1] 11,000
Massachusetts	2,040	8,445	4,309	2,101	7,390
Michigan	3,527	[1] 22,000	6,774	9,595	17,888
Minnesota	775	2,097	595	776	2,341
Mississippi	1,067	2,511	863	1,032	2,393
Missouri	1,178	[1] 4,700	1,591	922	[1] 3,600
Montana	421	933	228	261	363
Nebraska	156	383	106	----------	----------
Nevada	9	26	13	217	[1] 649
New Hampshire	337	1,068	414	476	1,201
New Jersey	1,610	14,163	6,699	3,520	[1] 13,500
New Mexico	109	291	41	410	999
New York	10,389	58,367	14,844	20,277	80,982
North Carolina	337	1,951	977	893	1,729
North Dakota	159	620	131	----------	----------
Ohio	4,325	[1] 15,000	6,454	2,128	9,528
Oklahoma	305	2,003	737	700	3,403
Oregon	2,194	7,278	3,441	920	3,107
Pennsylvania	8,841	35,968	15,989	11,859	27,099
Rhode Island	96	1,525	800	389	824
South Carolina	376	[1] 2,700	645	551	1,670
South Dakota	111	636	212	----------	----------
Tennessee	2,160	5,601	1,318	1,582	[1] 3,000
Texas	1,996	[1] 6,000	944	5,754	9,574
Utah	927	2,989	740	1,509	[1] 3,000
Vermont	117	436	290	289	464
Virginia	591	2,433	999	3,632	11,827
Washington	617	7,172	1,933	3,510	12,558
West Virginia	1,079	4,854	1,127	1,113	3,781
Wisconsin	2,440	[1] 15,000	3,853	1,829	4,598
Wyoming	222	1,008	209	1,830	2,959
District of Columbia	325	1,739	630	870	1,442
Hawaii	17	360	113	900	2,421
Puerto Rico	390	[1] 1,450	325	[1] 3,580	[1] 5,211

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[1] Estimated in lieu of verifiable State figures.

TABLE 2.—*Total enrollment in courses for out-of-school rural and nonrural youth by States, for the month of March 1941*

[General preemployment and specific preemployment courses combined]

State or Territory	Number of courses operated during month (1)	New enrollment during month (2)	Concluded training during month (3)	Net enrollment at end of month (4)	Total enrollment since start of program (5)
Total	7,415	45,167	27,413	92,368	132,253
Alabama	310	3,350	505	4,787	5,465
Arizona	13	154	60	251	320
Arkansas	232	1,372	614	3,592	4,491
California	33	659	89	570	659
Colorado	70	852	191	1,222	1,505
Connecticut	---------	---------	---------	---------	---------
Delaware	15	76	71	217	313
Florida	232	814	3,176	558	4,115
Georgia	330	1,936	1,177	3,614	5,674
Idaho	36	352	123	500	665
Illinois	176	419	760	1,691	2,918
Indiana	48	509	99	606	704
Iowa	76	458	209	912	1,182
Kansas	87	471	253	1,250	1,653
Kentucky	294	1,598	665	3,646	4,922
Louisiana	238	2,268	423	3,245	3,824
Maine	56	362	140	617	865
Maryland	47	518	186	763	981
Massachusetts	5	62	5	57	62
Michigan	205	853	738	2,454	3,688
Minnesota	122	620	488	1,369	1,975
Mississippi	402	1,880	969	5,687	7,167
Missouri	270	1,662	703	3,322	4,261
Montana	51	283	389	563	1,061
Nebraska	78	694	138	1,098	1,238
Nevada	9	45	33	147	186
New Hampshire	17	11	89	128	267
New Jersey	14	6	171	79	381
New Mexico	48	293	111	756	959
New York	29	72	110	608	725
North Carolina	543	2,594	1,649	6,432	9,791
North Dakota	67	134	498	407	1,079
Ohio	154	1,173	801	2,113	3,185
Oklahoma	297	1,111	2,442	2,074	5,395
Oregon	106	101	1,163	271	1,845
Pennsylvania	313	2,710	883	5,083	6,211
Rhode Island	1	15	2	13	15
South Carolina	212	1,071	675	2,506	3,576
South Dakota	30	302	64	367	443
Tennessee	400	3,329	1,169	5,908	7,641
Texas	640	5,143	1,776	8,591	10,979
Utah	53	50	138	648	952
Vermont	34	256	76	403	486
Virginia	230	697	827	3,193	4,690
Washington	58	682	167	834	1,042
West Virginia	250	1,167	962	2,954	4,414
Wisconsin	362	1,415	780	4,579	5,622
Wyoming	49	337	311	710	1,120
District of Columbia	18	82	53	325	380
Hawaii	6	40	14	91	117
Puerto Rico	49	109	278	557	1,044

TABLE 3.—*Net enrollment in courses for out-of-school rural and nonrural youth, by States, as of Mar. 31, 1941*

[General preemployment and specific preemployment courses combined]

State or Territory	All trainees (1)	Female (2)	Negro (3)	Rural (4)	Civilian Conservation Corps (5)	National Youth Administration (6)
Total	92, 368	37	12, 785	76, 976	12, 250	3, 630
Alabama	4, 787	0	768	4, 498	1, 310	38
Arizona	251	1	0	227	117	10
Arkansas	3, 592	0	803	2, 633	508	12
California	570	0	1	575	97	15
Colorado	1, 222	0	0	1, 015	245	3
Connecticut[1]	----------	----------	----------	----------	----------	----------
Delaware	217	0	110	178	60	12
Florida	558	0	130	429	180	1
Georgia	3, 614	0	662	3, 306	205	604
Idaho	500	0	0	401	62	60
Illinois	1, 691	0	36	1, 311	322	4
Indiana	606	0	11	474	139	11
Iowa	912	0	9	700	10	38
Kansas	1, 250	0	39	798	92	34
Kentucky	3, 646	0	161	3, 439	266	327
Louisiana	3, 245	3	1, 134	2, 408	508	0
Maine	617	0	0	571	0	10
Maryland	763	0	143	505	136	100
Massachusetts	57	0	0	51	0	0
Michigan	2, 454	0	44	1, 707	740	85
Minnesota	1, 369	0	0	969	23	129
Mississippi	5, 687	0	2, 244	4, 922	1, 142	61
Missouri	3, 322	0	79	1, 951	249	90
Montana	563	0	12	541	21	22
Nebraska	1. 098	0	0	953	9	19
Nevada	147	0	0	70	101	0
New Hampshire	128	0	0	109	0	0
New Jersey	79	0	0	414	100	0
New Mexico	756	0	0	488	136	0
New York	608	2	2	377	0	7
North Carolina	6, 432	26	1, 217	5, 292	251	123
North Dakota	407	0	0	360	10	20
Ohio	2, 113	0	94	1, 655	277	38
Oklahoma	2, 074	2	159	1, 399	76	158
Oregon	271	0	5	238	93	10
Pennsylvania	5, 083	0	101	4, 578	1, 199	169
Rhode Island	13	0	1	13	13	0
South Carolina	2, 506	0	739	2, 129	336	19
South Dakota	367	0	0	204	3	29
Tennessee	5, 908	0	778	5, 377	1, 150	172
Texas	8, 591	3	1, 953	7, 422	696	580
Utah	648	0	0	505	68	25
Vermont	403	0	0	393	0	4
Virginia	3, 193	0	824	2, 477	512	133
Washington	834	0	0	587	43	7
West Virginia	2, 954	0	268	2, 667	229	75
Wisconsin	4, 579	0	0	4, 398	70	316
Wyoming	710	0	0	421	154	43
District of Columbia	325	0	179	241	292	17
Hawaii	91	0	0	91	0	0
Puerto Rico	557	0	79	509	0	0

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[1] Figures not yet available.

TABLE 4.—*Net enrollment in courses for youth on National Youth Administration work projects, by States, as of Mar. 31, 1941*

Alabama	3, 426	Nevada	46
Arizona	269	New Jersey	2, 984
Arkansas	1, 989	New Mexico	1, 279
California	800	New York	4, 477
Colorado	701	North Carolina	5, 642
Connecticut	326	North Dakota	552
Delaware	243	Ohio	6, 927
Florida	1, 328	Oklahoma	841
Georgia	1, 011	Oregon	1, 145
Idaho	268	Pennsylvania	7, 120
Illinois	2, 507	South Carolina	2, 278
Indiana	1, 691	South Dakota	76
Iowa	1, 024	Tennessee	1, 099
Kansas	719	Texas	7, 088
Kentucky	2, 284	Utah	636
Louisiana	860	Vermont	273
Maine	4, 090	Virginia	2, 996
Maryland	407	Washington	861
Massachusetts	10	West Virginia	1, 303
Michigan	2, 648	Wisconsin	3, 084
Minnesota	1, 226	District of Columbia	768
Mississippi	2, 411	Puerto Rico	1, 038
Missouri	2, 808		
Montana	131	Total	87, 098
Nebraska	1, 408		

TABLE 4–A.—*Number of youth terminated because they secured private employment—out-of-school work program, July 1940 through May 1941*

1940:		1941:	
July	14, 500	January	22, 437
August	13, 490	February	31, 596
September	17, 093	March	38, 852
October	18, 234	April	43, 058
November	16, 844	May	47, 540
December	16, 009		
		Total	279, 653

TABLE 4–B.—*Number of production units on workshop-production projects—out-of-school work program, May 1941*

Type of production activity	Number of production units		
	Total	Resident projects	Non resident projects
Total	5, 419	998	4, 421
Machine and metal working (total)	1, 006	223	783
Machine shop	407	76	331
Sheet metal	308	73	235
Welding	209	58	151
Foundry	82	16	66
Radio and electrical (total)	349	92	257
Radio	192	56	136
Electrical	157	36	121

TABLE 4-B.—*Number of production units on workshop-production projects—out-of-school work program, May 1941*—Continued

Type of production activity	Number of production units		
	Total	Resident projects	Non resident projects
Automotive and mechanical (total)	604	114	490
Automotive maintenance and repair	506	74	432
Farm implements, equipment	53	21	32
Aviation services	45	19	26
Woodworking	1, 303	148	1, 155
Sewing (total)	1, 567	303	1, 264
Industrial	302	25	277
Domestic	1, 265	278	987
Other production (total)	590	118	472
Drafting, blueprinting, etc	272	49	223
Miscellaneous production	318	69	249

TABLE 4-C.—*Report of the number of resident centers in operation and under construction—out-of-school work program, May 31, 1941*

State or territory	Number of resident centers		
	Total	In operation	Under construction
Total	667	622	45
Alabama	38	34	4
Arizona	4	4	--------
Arkansas	12	10	2
California	13	12	1
Colorado	11	10	1
Connecticut	2	2	--------
Florida	8	4	4
Georgia	23	23	--------
Idaho	4	4	--------
Illinois	21	21	--------
Indiana	8	8	--------
Iowa	4	3	1
Kansas	32	31	1
Kentucky	14	12	2
Louisiana	33	32	1
Maine	5	4	1
Maryland	2	1	1
Massachusetts	2	2	--------
Michigan	14	9	5
Minnesota	7	7	--------
Mississippi	18	16	2
Missouri	6	5	1
Montana	3	3	--------
Nebraska	12	12	--------
New Hampshire	7	7	--------
New Jersey	6	5	1
New Mexico	1	1	--------
New York City and Long Island	1	1	--------
New York (excluding New York City)	16	16	--------
North Carolina	21	17	4
North Dakota	16	16	--------
Ohio	8	8	--------
Oklahoma	46	45	1
Oregon	6	6	--------
Pennsylvania	16	12	4
Rhode Island	1	1	--------
South Carolina	85	83	2
South Dakota	8	8	--------
Tennessee	19	19	--------
Texas	64	61	3
Utah	2	2	--------
Vermont	1	1	--------
Virginia	16	16	--------
Washington	2	2	--------
West Virginia	6	6	--------
Wisconsin	18	16	1
Wyoming	1	--------	1
Puerto Rico	2	2	--------
Virgin Islands	2	2	--------

TABLE 5.—*Net enrollment in preemployment refresher and supplementary courses, by city and State, as of Mar. 31, 1941*

State and city	Preemployment refresher	Supplementary
ALABAMA		
Auburn	18	----------
Bessemer	39	26
Birmingham	160	208
Cullman	----------	29
Decatur	13	----------
Gadsden	49	----------
Mobile	123	344
Montgomery	----------	294
Opelika	----------	30
Selma	----------	132
Sheffield	----------	18
Sylacauga	124	----------
University	16	----------
Total	542	1,081
ARIZONA		
Miami	----------	154
Phoenix	112	----------
Tempe	25	----------
Total	137	154
ARKANSAS		
Blytheville	----------	24
Camden	----------	20
Carlisle	27	----------
Danville	10	----------
De Witt	----------	8
El Dorado	11	134
Fayetteville	15	----------
Fordyce	----------	20
Fort Smith	25	55
Harrison	10	----------
Hot Springs	----------	14
Huntsville	----------	10
Jonesboro	10	13
Little Rock	11	499
Lonoke	12	----------
Magnolia	----------	14
Malvern	----------	40
Mena	----------	9
North Little Rock	88	26
Paragould	9	----------
Pine Bluff	----------	30
Stuttgart	----------	25
Texarkana	----------	91
Wilson	----------	17
Total	228	1,049
CALIFORNIA		
Alameda	42	103
Alhambra	89	119
Antioch	9	----------
Bakersfield	37	----------
Berkeley	58	276
Beverly Hills	----------	92
Burbank	189	2,870
Chico	83	----------
Compton	24	58
Covina	19	----------
Downey	----------	619
El Centro	19	----------
El Monte	36	74
El Segundo	----------	58
Escondido	81	----------
Fresno	136	----------
Fullerton	86	30
Glendale	65	260
Huntington Park	68	104
Inglewood	140	774
Kentfield	----------	763
La Verne	100	----------
CALIFORNIA—continued		
Lodi	15	----------
Long Beach	1,021	429
Los Angeles	435	1,664
Modesto	186	----------
Montebello	57	53
Monterey	----------	146
Moorpark	14	----------
Napa	----------	42
National City	125	197
North Hollywood	30	----------
Norwalk	40	85
Oakland	153	510
Ontario	69	----------
Orange	16	----------
Pasadena	333	125
Pomona	118	----------
Porterville	33	----------
Redding	17	----------
Redondo Beach	82	----------
Richmond	46	----------
Rio Vista	15	----------
Riverside	25	----------
Sacramento	67	----------
Salinas	12	234
San Bernardino	127	----------
San Diego	893	777
San Francisco	66	425
San Jose	48	----------
San Luis Obispo	224	----------
San Pedro	59	108
Santa Ana	87	37
Santa Barbara	18	----------
Santa Maria	17	69
Santa Monica	198	809
South Gates	36	49
South San Francisco	----------	127
Stockton	23	----------
Taft	14	----------
Torrance	----------	30
Vallejo	37	634
Van Nuys	----------	35
Venice	67	136
Ventura	43	15
Whittier	45	----------
Total	6,192	12,936
COLORADO		
Boulder	29	105
Colorado Springs	18	75
Denver	171	348
Englewood	11	73
Greeley	39	45
Idaho Springs	----------	65
Pueblo	113	40
Trinidad	41	14
Total	422	765
CONNECTICUT		
Ansonia	18	83
Bristol	14	----------
Bridgeport	293	332
Danbury	32	----------
Essex	15	----------
Greenwich	20	----------
Hartford	215	662
Manchester	37	211
Meriden	29	40
Middletown	19	39
New Britain	41	197
New Haven	47	74
New London	30	----------
Norwich	36	----------

TABLE 5.—*Net enrollment in preemployment refresher and supplementary courses, by city and State, as of Mar. 31, 1941*—Continued

State and city	Preemployment refresher	Supplementary
CONNECTICUT—continued		
Putnam		40
Rockville	13	
Stamford	36	104
Torrington	19	57
Waterbury	39	16
Willimantic	39	
Total	992	1,855
DELAWARE		
Bridgeville	11	
Camden		32
Claymont		77
Dover	36	
Wilmington	79	114
Total	126	223
FLORIDA		
Avon Park		17
Bushnell	42	
Camp Blanding	342	319
Daytona Beach	23	42
Fernandina	21	77
Jacksonville	815	359
Key West	14	100
Lakeland	43	46
Miami	212	411
Ocala	69	12
Ocoee	66	129
Orlando	12	219
Perry	12	
Pensacola	61	425
St. Petersburg	11	38
Tallahassee	65	22
Tampa	64	67
Wildwood	81	
Total	1,953	2,283
GEORGIA		
Albany		72
Athens		54
Atlanta	321	351
Augusta	44	127
Barnesville		9
Columbus	20	304
Covington		11
Dalton		210
Dublin		43
East Point	44	184
Elberton		26
Fort Benning		79
Fort Valley		12
Jackson		27
Macon	156	73
Marietta		19
Newman		22
Rome		18
Savannah	64	928
Waycross		29
Total	649	2,598
IDAHO		
Boise	24	
McCall	26	
Moscow	74	
Nampa	29	46
Pocatello	144	
Weiser	101	
Total	398	46
ILLINOIS		
Alton	36	116
Argo		30
Athens	1	
Aurora	24	
Canton		13
Carterville	136	
Champaign	58	139
Chicago	2,781	817
Colchester	19	
Crystal Lake		36
Danville		33
Dundee		50
East Moline	10	116
East St. Louis	58	145
Elgin		67
Freeport	17	60
Granite City	81	365
Harvey		77
Highland Park		232
Kankakee	24	
La Salle		130
Lemont	36	134
Lockport	26	124
Macomb	35	30
Marion		33
Moline	66	279
Normal	30	
Ottawa		40
Peoria	63	230
Quincy	35	180
Rockford	52	674
Rock Island	16	139
Springfield	84	
Urbana		145
Waukegan	92	313
West Frankfort	44	
Wood River	29	243
Woodstock		138
Total	3,853	5,128
INDIANA		
Alexandria		53
Anderson		124
Attica	25	45
Bedford	12	
Bicknell		12
Bloomington	46	
Carlisle	18	
Columbus		136
Connersville		12
Dugger	55	
East Chicago	41	163
Elkhart City		67
Elwood	11	
Evansville	54	397
Fort Wayne	95	
Frankfort	15	15
Gary	22	196
Hammond	100	208
Indianapolis	403	631
Jasonville	10	
Kokomo	42	179
La Fayette		85
La Porte		15
Linton	12	
Logansport	18	61
Martinsville	13	
Michigan City	13	122
Mishawaka	13	33
Monticello	11	
Muncie	34	78
New Albany	33	28
New Castle	21	33
Peru	16	
Pleasantville	12	

TABLE 5.—*Net enrollment in preemployment refresher and supplementary courses, by city and State, as of Mar. 31, 1941*—Continued

State and city	Preemployment refresher	Supplementary
INDIANA—continued		
Princeton	12	----------
Richmond	13	89
Rushville	29	30
Shoals	23	----------
South Bend	55	318
Speeds	21	----------
Sullivan	----------	13
Terre Haute	----------	20
Valparaiso	----------	53
Vincennes	24	----------
Whiting	17	40
Total	1, 339	3, 256
IOWA		
Burlington	84	----------
Charles City	----------	121
Clinton	----------	84
Davenport	49	178
Des Moines	135	38
Dubuque	----------	86
Fort Madison	----------	10
Marshalltown	----------	78
Sioux City	40	129
Total	308	724
KANSAS		
Kansas City	68	16
Wichita	1, 166	253
Total	1, 234	269
KENTUCKY		
Ashland	108	444
Independence	118	280
Owensboro	15	----------
Paducah	142	386
Paintsville	76	91
Lexington	97	285
Louisville	103	420
Total	659	1, 906
LOUISIANA		
Alexandria	----------	635
Baton Rouge	15	----------
Bogalusa	66	----------
Camp Beauregard	----------	47
Crowley	95	94
Hammond	19	----------
Lake Charles	77	23
Natchitoches	37	----------
Opelousas	79	----------
Scotlandville	136	----------
Shreveport	107	154
University	63	18
Winnfield	90	----------
Total	784	971
MAINE		
Auburn	38	----------
Bangor	18	----------
Bath	----------	18
Butler	----------	123
Portland	35	----------
South Portland	207	----------
Waterville	10	----------
Westbrook	19	----------
Total	327	141
MARYLAND		
Annapolis	12	----------
Baltimore	562	1, 689
Bladensburg	----------	46
Catonsville	----------	76
Cumberland	71	26
Elkton	----------	18
Frederick	31	53
Hagerstown	272	96
Hyattsville	44	42
Raspeburg	----------	548
Sparrows Point	----------	322
Towson	----------	70
Westminster	3	12
Total	995	2, 998
MASSACHUSETTS		
Boston	105	396
Brockton	36	----------
Brookline	53	----------
Cambridge	107	48
Chicopee	121	53
East Boston	----------	135
East Weymouth	9	----------
Everett	20	----------
Fall River	14	----------
Fitchburg	29	91
Gloucester	29	----------
Greenfield	36	----------
Haverhill	117	58
Holyoke	31	127
Hyde Park	----------	62
Lawrence	12	79
Leominster	15	44
Medford	48	18
New Bedford	68	201
Newburyport	27	----------
Newtonville	55	----------
Northampton	11	----------
Pittsfield	83	184
Somerville	39	----------
South Boston	28	----------
Southbridge	32	----------
Springfield	79	309
Taunton	26	----------
Waltham	50	60
Westfield	29	138
Worcester	72	306
Total	1, 381	2, 309
MICHIGAN		
Battle Creek	70	133
Bay City	45	127
Calumet	20	----------
Dearborn	97	----------
Detroit	2, 410	4, 588
Ecorse	13	----------
Flint	115	----------
Grand Rapids	93	131
Hamtramck	193	144
Highland Park	56	33
Houghton	38	----------
Ironwood	110	----------
Jackson	35	----------
Kalamazoo	149	150
Lansing	30	103
Lincoln Park	28	33
Muskegon	97	103
Negaunee	69	----------
Pontiac	48	47
Port Huron	18	----------
River Rouge	37	134

TABLE 5.—*Net enrollment in preemployment refresher and supplementary courses, by city and State, as of Mar. 31, 1941*—Continued

State and city	Preemployment refresher	Supplementary
MICHIGAN—continued		
Royal Oak	15	42
St. Clair Shores	15	----------
Saginaw	135	360
Trenton	27	----------
Wayne	31	----------
Wyandotte	9	29
Ypsilanti	12	213
Total	4,015	6,370
MINNESOTA		
Austin	39	38
Chisholm	25	----------
Coleraine	----------	46
Duluth	78	116
Eveleth	12	----------
Faribault	10	33
Fergus Falls	10	10
Hibbing	52	----------
Keewatin	24	10
Little Falls	30	14
Mankato	----------	48
Minneapolis	136	315
New Ulm	16	23
Owatonna	----------	24
Rochester	----------	146
St. Cloud	40	32
St. Paul	16	383
Staples	11	14
Virginia	95	----------
Willmar	----------	15
Winona	20	12
Total	614	1,279
MISSISSIPPI		
Alcorn	28	----------
Biloxi	32	----------
Clarksdale	59	----------
Columbus	----------	19
Greenville	60	----------
Gulfport	36	36
Hattiesburg	112	651
Jackson	176	34
Laurel	75	30
Leland	14	----------
McComb	16	----------
Meridian	54	121
Pascagoula	55	10
State College	31	----------
Vicksburg	52	11
Total	800	912
MISSOURI		
Cape Girardeau	19	----------
Columbia	11	----------
Desloges	13	----------
Esther	11	----------
Flat River	10	----------
Hannibal	----------	47
Jefferson City	46	----------
Joplin	67	103
Kansas City	340	----------
Maplewood	----------	18
Minden Mines	16	----------
North Kansas City	134	----------
St. Charles	32	86
St. Joseph	110	111
St. Louis	209	588
Springfield	66	----------
Trenton	32	----------
Total	1,116	953
MONTANA		
Great Falls	28	34
Helena	146	----------
Miles City	70	----------
Total	244	34
NEBRASKA		
Lincoln	28	----------
Omaha	95	----------
Total	123	0
NEVADA		
Carlin	----------	37
Elko	----------	21
Reno	10	99
Sparks	----------	34
Winnemucca	----------	123
Total	10	314
NEW HAMPSHIRE		
Berlin	12	35
Claremont	15	34
Concord	29	----------
Dover	28	86
Franklin	11	13
Keene	----------	41
Laconia	52	----------
Lebanon	11	----------
Manchester	14	----------
Nashua	59	----------
Portsmouth	----------	224
Rochester	13	----------
Total	244	433
NEW JERSEY		
Atlantic City	24	----------
Bayonne	175	205
Belleville	13	24
Bloomfield	126	668
Camden	20	----------
Elizabeth	141	188
Irvington	113	385
Jersey City	78	118
Newark	320	1,070
New Brunswick	42	----------
Orange	25	----------
Passaic	26	----------
Paterson	151	401
Pennsauken	55	525
Perth Amboy	47	----------
Trenton	50	50
West Orange	70	----------
Woodbridge	12	----------
Total	1,488	3,634
NEW MEXICO		
Albuquerque	30	57
Clayton	----------	48
Clovis	----------	42
Hobbs	----------	10
Las Vegas	16	57
Santa Fe	----------	60
State College	86	91
Total	132	365
NEW YORK		
Albany	49	307
Alfred	32	282

TABLE 5.—*Net enrollment in preemployment refresher and supplementary courses, by city and State, as of Mar. 31, 1941*—Continued

State and city	Preemployment refresher	Supplementary
NEW YORK—continued		
Amsterdam	42	180
Auburn	240	356
Baldwin	60	
Barker	24	127
Batavia	25	40
Bay Shore	98	114
Beacon		78
Bellmore	57	
Binghamton	65	554
Bronx	445	625
Brooklyn	1,345	2,661
Buffalo	1,974	5,146
College Park	92	
Cortland		71
Depew		105
Dunkirk	97	141
East Rochester		107
Elmhurst	94	140
Elmira	88	347
Elmira Heights	178	
Floral Park	255	
Frankfort	16	42
Freeport	217	
Fulton		97
Glens Falls	156	
Hastings-on-the-Hudson	18	21
Hempstead	82	
Herkimer	19	15
Hudson Falls		58
Hornell	37	
Huntington	80	
Ilion	31	74
Ithaca	17	78
Jamestown	23	99
Jamaica	41	495
Kingston		47
Lackawanna		640
Lawrence	149	
Lockport		152
Long Island City	174	398
Lynbrook	89	
Massena		23
Morrisville		30
Mount Vernon	71	64
New Rochelle	42	72
New York City	1,417	2,588
Niagara Falls	25	602
North Tonawanda		182
Norwich		85
Nyack	38	37
Ogdensburg	53	
Olean	38	105
Oneonta		16
Oswego	16	182
Oyster Bay	74	
Pearl River	48	79
Plattsburg	126	
Port Chester	30	123
Potsdam	19	
Poughkeepsie	50	67
Rochester	1,906	792
Rome	83	276
Roslyn Heights	35	
Saranac Lake	28	
Scotia		169
Sidney		295
Spring Valley	22	
Staten Island	4	20
St. George	196	304
Syracuse	569	1,267
Troy	30	1,014
Utica	294	14
Valley Stream	52	
Watertown	30	149
Watervliet		41
White Plains	19	70
Woodmere	36	
Yonkers	263	266
Total	12,023	22,529
NORTH CAROLINA		
Canton	19	
Charlotte	8	0
Durham		63
Gastonia	24	12
Goldsboro		43
Fayetteville	22	12
Greensboro	51	
High Point	58	
Lexington	10	
Raleigh	85	14
Salisbury	11	11
Wilmington	38	60
Winston-Salem	36	12
Total	362	227
NORTH DAKOTA		
Ellendale	19	
Mandan	7	
Valley City	12	
Total	38	0
OHIO		
Akron	133	53
Ashland	25	
Athens	13	
Barberton	17	37
Bellevue		9
Bucyrus	23	
Cambridge	48	14
Canton	151	84
Cincinnati	619	
Circleville	18	
Cleveland	597	
Columbus	42	
Dayton	58	
Defiance	13	
Delaware	53	10
Dover	30	
Elyria	28	65
Findlay		49
Fostoria	16	17
Fremont		44
Ironton	58	77
Kenton	32	
Lancaster	37	
Lima		30
Logan	39	
Lorain	21	123
Mansfield	126	52
Marion	11	
Massillon	42	34
Middletown	16	
Mount Vernon	36	
Napoleon	75	
Nelsonville	43	
Newark	62	239
Norwood	59	
Portsmouth	80	
Sandusky	11	61
Springfield	99	
St. Bernard	35	
Sylvania	23	12
Toledo	352	179
Van Wert	14	36
Wadsworth		16
Washington C. H	5	

TABLE 5.—*Net enrollment in preemployment refresher and supplementary courses, by city and State, as of Mar. 31, 1941*—Continued

State and city	Preemployment refresher	Supplementary
OHIO—continued		
Warren	24	----------
Waverly	9	----------
Youngstown	246	84
Zanesville	54	63
Total	3,493	1,388
OKLAHOMA		
Bartlesville	33	66
Bristow	----------	43
Broken Bow	45	19
Cache	----------	18
Collinsville	16	20
Drumright	----------	46
Enid	----------	20
Guthrie	15	----------
Jay	14	----------
Lawton	----------	46
Longston	14	----------
Muskogee	18	76
Norman	14	----------
Oklahoma City	44	74
Ponca City	29	78
Sapulpa	----------	42
Shawnee	----------	77
Stillwater	149	----------
Tulsa	74	241
Total	465	866
OREGON		
Astoria	152	----------
Baker	10	----------
Bend	15	----------
Chemawa	25	----------
Eugene	282	133
Grants Pass	13	----------
John Day	23	----------
La Grande	57	23
Medford	16	----------
Ontario	37	----------
Oregon City	154	51
Pendleton	159	----------
Portland	664	662
Salem	148	48
The Dalles	23	----------
Total	1,778	917
PENNSYLVANIA		
Aliquippa	120	----------
Altoona	137	317
Ambridge	32	----------
Andreas	32	----------
Arnold	31	16
Ashland	12	----------
Beaver Falls	35	----------
Beavertown	30	----------
Bethlehem	92	155
Bloomsburg	12	----------
Braddock	----------	51
Bristol	10	209
Carlisle	17	----------
Chambersburg	21	----------
Charleroi	15	35
Chester	51	----------
Clairton	60	129
Clarks Green	45	----------
Clearfield	63	----------
Coatesville	61	----------
Corry	32	----------
Du Bois	67	30
East Stroudsburg	----------	73
PENNSYLVANIA—continued		
Erie	230	238
Forty Fort	30	----------
Girardville	5	----------
Hanover	----------	98
Harrisburg	35	----------
Hazleton	88	----------
Hershey	18	658
Homestead	40	102
Hummels Wharf	15	----------
Huntingdon	16	----------
Johnstown	28	----------
Kulpmont	19	----------
Lancaster	54	34
Lansford	66	----------
Latrobe	----------	20
Lebanon	----------	41
Lehighton	68	----------
Lock Haven	----------	59
Lewistown	75	----------
McKeesport	96	462
Mahanoy City	65	----------
Midland	29	----------
Monessen	37	----------
Mount Carmel	13	----------
New Kensington	67	18
Norristown	14	26
Oakdale	----------	12
Perkasie	----------	34
Philadelphia	2,349	4,956
Phoenixville	10	----------
Pittsburgh	845	397
Pleasant Gap	18	----------
Pottstown	17	81
Pottsville	34	----------
Punxsutawney	110	----------
Quakertown	11	32
Rankin	----------	25
Reading	194	63
Saxton	60	----------
Scranton	33	----------
Selinsgrove	30	----------
Shamokin	16	----------
Shenandoah	16	----------
Somerset	14	33
St. Johns	15	----------
Sunbury	64	----------
Trevorton	95	----------
Turtle Creek	13	93
Tyrone	----------	55
Wilkes-Barre	29	----------
Williamsport	347	419
Williamstown	16	----------
Woodlyn	35	39
York	54	96
New Castle	43	32
Total	6.551	9,138
RHODE ISLAND		
Newport	----------	45
SOUTH CAROLINA		
Anderson	22	28
Charleston	61	196
Chester	10	----------
Clemson	52	----------
Columbia	71	52
Denmark	15	----------
Florence	9	12
Moultrieville	----------	66
Greenville	54	46
Orangeburg	22	----------

TABLE 5.—*Net enrollment in preemployment refresher and supplementary courses, by city and State, as of Mar. 31, 1941*—Continued

State and city	Preemployment refresher	Supplementary
SOUTH CAROLINA—con.		
Spartanburg	----------	9
Total	316	409
SOUTH DAKOTA		
Aberdeen	42	----------
Brookings	56	----------
Vermilion	14	----------
Total	112	----------
TENNESSEE		
Camp Forrest	----------	459
Chattanooga	156	16
Cookeville	20	----------
Johnson City	58	----------
Knoxville	196	----------
Manchester	----------	21
Memphis	235	47
Nashville	299	104
Tullahoma	----------	38
Whitehaven	466	----------
Total	1,430	685
TEXAS		
Amarillo	59	86
Arlington	152	----------
Beaumont	80	----------
Big Spring	----------	92
Breckenridge	20	20
Corpus Christi	112	115
Dallas	587	25
El Paso	24	376
Fort Worth	256	204
Galveston	----------	127
Houston	211	----------
Kilgore	93	150
Lamesa	26	26
Laredo	----------	24
Marfa	----------	54
Marshall	----------	13
Monahans	----------	71
Odessa	----------	56
Orange	----------	47
Pampa	----------	73
San Antonio	112	252
Tyler	80	----------
Waco	22	----------
Wichita Falls	25	----------
Total	1,859	1,811
UTAH		
Cedar City	29	12
Copperton	----------	63
Eureka	31	22
Lehi	----------	19
Logan	174	122
Magna	----------	212
Murray	----------	13
Ogden	151	86
Parpon	7	9
Price	51	----------
Provo	21	35
Salt Lake City	255	302
Sandy	45	39
Spanish Fork	10	----------
St. George	31	13
Tooele	----------	139
Total	805	1,086
VERMONT		
Chittenden	----------	10
Springfield	21	30
St. Johnsbury	12	36
Windsor	----------	152
Total	33	228
VIRGINIA		
Alta Vista	----------	189
Bristol	111	185
Danville	52	99
Ettrick	44	89
Hampton	24	415
Lynchburg	21	170
Newport News	----------	966
Norfolk	67	436
Portsmouth	----------	672
Radford	----------	175
Richmond	92	279
Roanoke	136	84
Schoolfield	----------	31
Suffolk	----------	86
Waynesboro	41	----------
Total	588	3,876
WASHINGTON		
Bellingham	35	21
Bremerton	----------	1,010
Kirkland	----------	211
Longview	26	----------
Seattle	186	788
Snohomish	41	----------
Spokane	74	190
Tacoma	97	339
Vancouver	92	62
Total	551	2,621
WEST VIRGINIA		
Belle	25	----------
Benwood	30	91
Charleston	195	325
Huntington	153	217
Institute	54	----------
Martinsburg	51	33
Montgomery	19	68
Morgantown	109	----------
Parkersburg	156	74
Wheeling	162	45
Williamson	29	66
Total	983	919
WISCONSIN		
Antigo	101	----------
Appleton	22	----------
Ashland	35	21
Beaver Dam	22	----------
Beloit	36	----------
Chippewa Falls	95	15
Cudahy	24	----------
Eau Claire	68	7
Fond Du Lac	130	108
Fort Atkinson	13	----------
Green Bay	132	----------
Janesville	41	16
Kaukauna	47	32
Kenosha	29	----------
La Crosse	86	----------
Madison	100	----------
Manitowoc	66	17
Marinette	17	----------
Marshfield	29	11

TABLE 5.—*Net enrollment in preemployment refresher and supplementary courses, by city and State, as of Mar. 31, 1941*—Continued

State and city	Preemployment refresher	Supplementary
WISCONSIN—continued		
Menasha	5	
Menomonie	24	
Merrill	13	
Milwaukee	301	681
Neenah	8	7
Niagara	24	
Oshkosh	23	
Racine	93	115
Rhinelander	43	
Sheboygan	49	14
South Milwaukee	23	
Stoughton	27	
Stevens Point	43	
Superior	169	115
Two Rivers	16	115
Watertown	14	
Waukesha	46	28
Wausau	76	
West Allis	247	41
West Bend	22	17
Wisconsin Rapids	76	
Total	2,435	1,360
WYOMING		
Casper	45	
Cheyenne		686
Evanston	19	
Lance Creek		35
Lander	12	
Laramie	81	67
Lingle		54
Lusk		14
WYOMING—continued		
Newcastle		38
Rock Springs		29
Sheridan	30	12
Torrington	49	48
Yoder		15
Total	236	998
DISTRICT OF COLUMBIA		
Washington	301	564
HAWAII		
Honolulu	17	140
Kahului		12
Pearl Harbor		712
Total	17	864
PUERTO RICO		
Arecibo	22	
Caguas	59	58
Guayama	39	
Mayaguez	62	
Ponce	43	56
Rio Piedras	46	45
Santurce	76	245
Vega Baja		53
Army Camp		3,123
Total	347	3,580
United States total	66,028	109,097

STATEMENT BY UNITED STATES OFFICE OF EDUCATION, FEDERAL SECURITY AGENCY, WASHINGTON, D. C.

REPORT FOR MONTH ENDING APRIL 30, 1941 BY ENGINEERING DEFENSE TRAINING

The current status of the engineering defense training program is clearly indicated by the attached tables:

Table 1: Summary of Status of program on April 30, 1941, as compared with March 29, 1941. This shows net increments of three institutions, 318 approved proposals, 17,967 students, and $1,307,634 in allotments.

Table 2: Authorized enrollment in engineering defense training courses on April 30, 1941 (by classification of course and type of authorization). Mechanical and industrial engineering are, as might be expected, among the fields leading in enrollment.

Table 3: Summary of engineering defense training program on April 30, 1941 (by States). While engineering defense training courses are being given in nearly all of the States, the larger enrollments are in the States which are highly industrialized.

Table 4: Authorized enrollment in engineering defense training courses on April 30, 1941 (by States, institutions, and type of authorization). In this tabulation is given the approved enrollment at each participating institution.

Table 5: Monthly summary of disbursements to engineering schools through April 30, 1941 (by States). This table shows the monthly rate at which engineering defense training funds have flowed to the various States.

Table 6: Allotment of funds through April 30, 1941 (by States, institutions, and type of allotment). Disbursements and encumbrances of engineering defense training funds to each of the participating institutions is shown.

In most of these tables a distinction is made between figures derived from preliminary authorizations and those from final authorizations. A preliminary authorization must be procured before instruction in a course can be started, for this reason enrollment and cost figures, although held within definite limitations, are subject to later revision. This revision is made in the final authorization, which is based upon not less than 2 weeks of class experience. Since a final authorization automatically cancels the preliminary authorization for the course in question, there is no duplication in the two categories.

The engineering defense training program is now operating in 46 States, the District of Columbia, and Puerto Rico.

R. A. Seaton,
Director, Engineering Defense Training.

Table 1.—*Summary of status of program on Apr. 30, 1941, as compared with Mar. 29, 1941, of engineering defense training*

Item	Mar. 29	Apr. 30
Number of institutions with approved proposals for courses	133	136
Number of approved proposals for courses	1,093	1,411
Allotment of funds:		
Disbursements	$2,551,461	$3,378,479
Encumbrances	2,509,408	2,989,754
Total	5,060,869	6,368,503
Authorized student enrollment:		
Final authorization	35,498	50,608
Preliminary authorization	42,064	44,921
Total	77,562	95,529

Table 2.—*Authorized enrollment in engineering defense training courses on Apr. 30 1941*

[By classification of course and type of authorization]

Course classification	Final authorization	Preliminary authorization	Total authorized enrollment
Aeronautical engineering:			
Fundamentals	652	470	1,122
Aircraft (complete planes)	343	870	1,213
Structures	1,992	714	2,706
Other	1,598	1,685	3,283
Total	4,585	3,739	8,324
Architectural engineering	148	0	148
Basic sciences:			
Mathematics	682	174	856
Other	0	310	310
Total	682	484	1,166
Chemical engineering:			
Inspection and testing	353	215	568
Explosives	519	1,235	1,754
Production	411	95	506
Other	412	712	1,124
Total	1,695	2,257	3,952
Civil engineering:			
Inspection and testing	276	248	524
Structures	1,164	765	1,929
Surveying and mapping	850	665	1,515
Other	758	476	1,234
Total	3,048	2,154	5,202
Electrical engineering:			
Fundamentals	504	375	879
Communications	800	461	1,261
Electronics	550	510	1,060
Other	860	598	1,458
Total	2,714	1,944	4,658

TABLE 2.—*Authorized enrollment in engineering defense training courses on Apr. 30, 1941*—Continued

Course classification	Final authorization	Preliminary authorization	Total authorized enrollment
General engineering:			
Fundamentals	400	4,375	4,775
Engineer drawing and design geometry	11,193	3,127	14,320
Other	192	275	467
Total	11,785	7,777	19,562
Industrial engineering:			
Industrial management	911	570	1,481
Production engineering	5,567	3,473	9,040
Production supervision	3,824	3,325	7,149
Other	716	525	1,241
Total	11,018	7,893	18,911
Marine engineering and naval architecture:			
Hulls	1,438	320	1,758
Equipment	333	230	563
Other	183	645	828
Total	1,954	1,195	3,149
Mechanical engineering:			
Fundamentals	1,016	655	1,671
Inspection and testing	3,462	3,231	6,693
Internal-combustion engines	249	635	884
Machine design	3,076	2,483	5,559
Tools and dies	1,686	3,025	4,711
Welding	273	352	625
Other	501	491	992
Total	10,263	10,872	21,135
Metallurgical engineering:			
Metallurgy and metallography	1,746	3,067	4,813
Physical metallurgy	365	125	490
Other	423	2,914	3,337
Total	2,534	6,106	8,640
Mining engineering	95	----------	95
Unclassified	87	500	587
Grand total	50,608	44,921	95,529

TABLE 3.—*Summary of engineering defense training program on Apr. 30, 1941*]

[By States]

State	Number of institutions offering engineering defense training	Authorized student enrollment	Total funds allotted
Alabama	2	3,900	$169,538
Arizona	1	18	2,131
Arkansas	1	41	1,450
California	5	5,755	254,762
Colorado	4	1,380	85,338
Connecticut	2	3,881	147,361
Delaware	1	468	18,533
Florida	1	1,509	152,697
Georgia	1	200	16,816
Illinois	3	4,863	152,654
Indiana	3	6,704	224,600
Iowa	2	688	26,741
Kansas	2	1,229	82,181
Kentucky	2	548	25,044
Louisiana	4	295	21,551
Maine	1	559	18,878
Maryland	2	1,755	98,188

TABLE 3.—*Summary of engineering defense training program on Apr. 30, 1941*—Continued

State	Number of institutions offering engineering defense training	Authorized student enrollment	Total funds allotted
Massachusetts	6	1,731	$135,422
Michigan	7	2,286	103,205
Minnesota	1	547	79,490
Mississippi	1	128	20,390
Missouri	2	988	71,100
Nebraska	1	155	9,172
Nevada	1	34	781
New Hampshire	1	203	9,810
New Jersey	4	1,951	205,493
New Mexico	2	135	13,440
New York	11	5,820	442,139
North Carolina	3	725	103,213
North Dakota	1	131	20,807
Ohio	9	5,291	285,829
Oklahoma	3	1,507	57,373
Oregon	1	45	2,096
Pennsylvania	11	30,382	2,737,673
Rhode Island	2	408	16,977
South Carolina	4	530	40,601
South Dakota	1	38	2,438
Tennessee	3	702	29,194
Texas	6	1,487	195,319
Utah	2	268	25,790
Vermont	2	80	5,556
Virginia	3	1,306	69,386
Washington	3	916	24,486
West Virginia	1	1,784	72,324
Wisconsin	2	84	7,419
Wyoming	1	146	9,280
District of Columbia	3	1,789	67,149
Puerto Rico	1	139	6,688
Total	136	95,529	6,368,503

TABLE 4.—*Authorized enrollment in engineering defense training courses on Apr. 30, 1941*

[By States, institutions, and type of authorization]

Authorized student enrollment (Mar. 29):		Authorized student enrollment (Apr. 30):	
Final authorization	35,498	Final authorization	50,608
Preliminary authorization	42,064	Preliminary authorization	44,921
Total	77,562	Total	95,529

Institution	Final authorization	Preliminary authorization	Total authorized enrollment
Alabama:			
Alabama Polytechnic Institute	539	1,140	1,679
University of Alabama	------------	2,221	2,221
State total	539	3,361	3,900
Arizona: University of Arizona	18	------------	18
State total	18	------------	18
Arkansas: University of Arkansas	41	------------	41
State total	41	------------	41
California:			
University of California	695	3,505	4,200
University of Santa Clara	56	40	96
Stanford University	93	------------	93
California Institute of Technology	409	342	751
University of Southern California	285	330	615
State total	1,538	4,217	5,755

TABLE 4.—*Authorized enrollment in engineering defense training courses on Apr. 30, 1941*—Continued

Institution	Final authorization	Preliminary authorization	Total authorized enrollment
Colorado:			
Colorado School of Mines	189		189
Colorado State College of Agriculture and Mechanic Arts	43	175	218
University of Colorado	446	249	695
University Of Denver	173	105	278
State total	851	529	1,380
Connecticut:			
University of Connecticut	1,197	510	1,707
Yale University	1,094	1,080	2,174
State total	2,291	1,590	3,881
Delaware: University of Delaware	448	20	468
State total	448	20	468
Florida: University of Florida	499	1,010	1,509
State total	499	1,010	1,509
Georgia: Georgia Institute of Technology	116	84	200
State total	116	84	200
Illinois:			
Bradley Polytechnic Institute	157	55	212
Illinois Institute of Technology	1,357	3,149	4,506
Northwestern University		145	145
State total	1,514	3,349	4,863
Indiana:			
Notre Dame University	261		261
Purdue University	954	4,994	5,948
Rose Polytechnic Institute	475	20	495
State total	1,690	5,014	6,704
Iowa:			
Iowa State College	146	75	221
State University of Iowa	437	30	467
State total	583	105	688
Kansas:			
Kansas State College	101	430	531
University of Kansas	198	500	698
State total	299	930	1,229
Kentucky:			
University of Kentucky	143	10	153
University of Louisville	345	50	395
State total	488	60	548
Louisiana:			
Louisiana Polytechnic Institute	11	30	41
Louisiana State University	68		68
Southwestern Louisiana Institute	16		16
Tulane University	170		170
State total	265	30	295
Maine: University of Maine	544	15	559
State total	544	15	559
Maryland:			
Johns Hopkins University	595	82	677
University of Maryland	628	450	1,078
State total	1,223	532	1,755
Massachusetts:			
Harvard University	25		25
Massachusetts Institute of Technology	447	265	712
Northeastern University	339	30	369

TABLE 4.—*Authorized enrollment in engineering defense training courses on Apr. 30, 1941*—Continued

Institution	Final authorization	Preliminary authorization	Total authorized enrollment
Massachusetts—Continued.			
Tufts College	336	170	506
Worcester Polytechnic Institute	77		77
Massachusetts State College	42		42
State total	1,266	465	1,731
Michigan:			
Lawrence Institute of Technology		285	285
Detroit Institute of Technology	44		44
University of Detroit		287	287
Michigan State College		156	156
University of Michigan	380	139	519
Wayne University	861	35	896
Michigan College of Mining and Technology	74	25	99
State total	1,359	927	2,286
Minnesota: University of Minnesota	272	275	547
State total	272	275	547
Mississippi: Mississippi State College	48	80	128
State total	48	80	128
Missouri:			
Missouri School of Mines and Metallurgy	61		61
Washington University	771	156	927
State total	832	156	938
Nebraska: University of Nebraska	155		155
State total	155		155
Nevada: University of Nevada	34		34
State total	34		34
New Hampshire: University of New Hampshire	108	95	203
State total	108	95	203
New Jersey:			
Newark College of Engineering	489	480	969
Princeton University		50	50
Rutgers University	399	20	419
Stevens Institute of Technology	213	300	513
State total	1,101	850	1,951
New Mexico:			
New Mexico State College	25		25
University of New Mexico	47	63	110
State total	72	63	135
New York:			
Cornell University	1,191	120	1,311
Rensselaer Polytechnic Institute	313		313
University of Rochester	198	345	543
Union College	709		709
Brooklyn Polytechnic Institute		80	80
College of the City of New York	261	28	289
Columbia University		286	286
Manhattan College	369		369
New York University	691	698	1,389
Pratt Institute	169		169
Defense Training Institute	362		362
State total	4,263	1,557	5,820
North Carolina:			
Agricultural and Technical College	12		12
Duke University	27	60	87
North Carllina State College	437	189	626
State total	476	249	725

TABLE 4.—*Authorized enrollment in engineering defense training courses on Apr. 30, 1941*—Continued

Institution	Final authorization	Preliminary authorization	Total authorized enrollment
North Dakota: University of North Dakota	78	53	131
State total	78	53	131
Ohio:			
University of Akron	441	47	488
Case School of Applied Science	749	480	1, 229
Fenn College	360	24	384
Ohio Northern University	322	------------	322
Ohio State University	610	247	857
University of Toledo	760	165	925
Antioch College	125	------------	125
University of Cincinnati	315	70	385
Ohio University	301	275	576
State total	3, 983	1, 308	5, 291
Oklahoma:			
Oklahoma Agricultural and Mechanical College	47	165	212
University of Oklahoma	86	1, 040	1, 126
University of Tulsa	169	------------	169
State total	302	1, 205	1, 507
Oregon: Oregon State College	------------	45	45
State total	------------	45	45
Pennsylvania:			
Drexel Institute of Technology	2, 441	840	3, 281
Lafayette College	235	------------	235
Lehigh University	273	30	303
University of Pennsylvania	1, 993	1, 575	3, 568
Swarthmore College	618	180	798
Villanova College	355	------------	355
Bucknell University	142	------------	142
Carnegie Institute of Technology	1, 565	25	1, 590
Grove City College	46	------------	46
Pennsylvania State College	7, 097	10, 992	18, 089
University of Pittsburgh	1, 975	------------	1, 975
State total	16, 740	13, 642	30, 382
Rhode Island:			
Brown University	156	105	261
Rhode Island State College	147	------------	147
State total	303	105	408
South Carolina:			
The Citadel	190	80	270
Clemson Agricultural College	43	------------	43
University of South Carolina	167	------------	167
State Agricultural and Mechanical College	------------	50	50
State total	400	130	530
South Dakota: South Dakota State College	8	30	38
State total	8	30	38
Tennessee:			
Tennessee Polytechnic Institute	------------	35	35
University of Tennessee	397	25	422
Vanderbilt University	175	70	245
State total	572	130	702
Texas:			
Agricultural and Mechanical College of Texas	101	465	566
Southern Methodist University	286	24	310
Texas College of Arts and Industries	36	70	106
Texas Technical College	9	40	49
University of Texas	48	392	440
College of Mines and Metallurgy	16	------------	16
State total	496	991	1, 487

TABLE 4.—*Authorized enrollment in engineering defense training courses on Apr. 30, 1941*—Continued

Institution	Final authorization	Preliminary authorization	Total authorized enrollment
Utah:			
Utah State Agricultural College	43		43
University of Utah	225		225
State total	268		268
Vermont:			
Norwich University	60		60
University of Vermont	20		20
State total	80		80
Virginia:			
Virginia Military Institute	84	90	174
Virginia Polytechnic Institute	607	25	632
University of Virginia	500		500
State total	1,191	115	1,306
Washington:			
Gonzaga University	21		21
State College of Washington	25		25
University of Washington	825	45	870
State total	871	45	916
West Virginia: West Virginia University	1,759	25	1,784
State total	1,759	25	1,784
Wisconsin:			
Marquette University	59		59
University of Wisconsin		25	25
State total	59	25	84
Wyoming: University of Wyoming	16	130	146
State total	16	130	146
District of Columbia:			
Catholic University of America		99	99
George Washington University	362	1,020	1,382
Howard University	118	190	308
Total	480	1,309	1,789
Puerto Rico: University of Puerto Rico	69	70	139
Total	69	70	139
Grand total	50,608	44,921	95,529

TABLE 5.—*Monthly summary of disbursements for engineering defense training to engineering schools through Apr. 30, 1941*

[By States]

States	December	January	February	March	April	Total
Alabama					$29,653	$29,653
Arizona					2,131	2,131
Arkansas			$1,450			1,450
California	$3,800		6,200	$37,654	63,837	111,491
Colorado	1,200		8,404	38,787	9,388	57,779
Connecticut	1,600			55,531	46,054	103,185
Delaware			1,662	12,264		13,926
Florida			8,852	13,050	31,660	53,562
Georgia	1,800		500	3,308	2,529	8,137
Idaho						
Illinois	2,000			68,157		70,157
Indiana	1,500		15,841	36,393	16,918	70,652
Iowa	1,700		2,273	13,996	5,947	23,916
Kansas			130	5,891	16,157	22,178
Kentucky	1,700		5,768	1,704	9,686	18,858
Louisiana				15,751	4,010	19,761

TABLE 5.—*Monthly summary of disbursements for engineering defense training to engineering schools through Apr. 30, 1941*—Continued

States	December	January	February	March	April	Total
Maine				$2, 524	$15, 149	$17, 673
Maryland	$1, 200		$43, 744	12, 577	14, 862	72, 383
Massachusetts	2, 000		18, 187	40, 488	35, 060	95, 735
Michigan	1, 800		17, 303	6, 502	12, 744	38, 349
Minnesota				14, 172	21, 133	35, 305
Mississippi			8, 561			8, 561
Missouri	1, 900			24, 603	34, 352	60, 855
Montana						
Nebraska				3, 025	6, 147	9, 172
Nevada				781		781
New Hampshire				1, 905	2, 322	4, 227
New Jersey	1, 500		77, 692	36, 789	4, 318	120, 299
New Mexico				7, 395		7, 395
New York	3, 400		7, 125	259, 767	16, 811	287, 103
North Carolina	1, 800		35, 828	4, 227	30, 523	72, 378
North Dakota			5, 617	2, 751	3, 459	11, 827
Ohio	1, 800		2, 064	131, 989	71, 627	207, 480
Oklahoma			9, 891	1, 070	3, 022	13, 984
Oregon				95		95
Pennsylvania	3, 600		74, 278	1, 111, 843	174, 804	1, 364, 525
Rhode Island			5, 275		3, 557	8, 832
South Carolina			10, 790	16, 412	7, 346	34, 548
South Dakota			883			883
Tennessee			14, 500	2, 728	3, 939	21, 167
Texas	2, 100		6, 968	31, 329	12, 569	52, 966
Utah			23, 940	1, 850		25, 790
Vermont			1, 911	3, 645		5, 556
Virginia			20, 737	31, 586	12, 851	65, 178
Washington	2, 000			13, 456	8, 296	23, 752
West Virginia			58, 817	10, 157		68, 974
Wisconsin				3, 162		3, 162
Wyoming			1, 650			1, 650
District of Columbia			7, 276	20, 074		27, 350
Alaska						
Hawaii						
Puerto Rico					3, 978	3, 978
Philippines						
Total	38, 400		504, 117	2, 099, 388	736, 844	3, 378, 749

TABLE 6.—*Allotment of funds for engineering defense training through Apr. 30, 1941*

[By States, institutions, and type of allotment]

Institution	Disbursements	Encumbrances	Total allotment
Alabama:			
Alabama Polytechnic Institute	$29, 653	$58, 321	$87, 974
University of Alabama		81, 564	81, 564
State total	29, 653	139, 885	169, 538
Arizona: University of Arizona	2, 131		2, 131
Arkansas: University of Arkansas	1, 450		1, 450
California:			
California Institute of Technology	55, 441	40, 195	95, 636
Stanford University	4, 969		4, 969
University of California	24, 832	73, 840	98, 672
University of Santa Clara	4, 845	2, 656	7, 501
University of Southern California	21, 404	26, 580	47, 984
State total	111, 491	143, 271	254, 762
Colorado:			
Colorado School of Mines	14, 535		14, 535
Colorado State Agricultural and Mechanical	5, 000	14, 040	19, 040
University of Colorado	27, 846	10, 100	37, 946
University of Denver	10, 398	3, 419	13, 817
State total	57, 779	27, 559	85, 338

TABLE 6.—*Allotment of funds for engineering defense training through Apr. 30, 1941*—Continued

Institution	Disbursements	Encumbrances	Total allotment
Connecticut:			
University of Connecticut	$61,166	$18,893	$80,059
Yale University	42,019	25,283	67,302
State total	103,185	44,176	147,361
Delaware: University of Delaware	13,926	4,607	18,533
Florida: University of Florida	53,562	99,135	152,697
Georgia: Georgia School of Technology	8,137	8,679	16,816
Illinois:			
Bradley Polytechnic Institute	5,004	1,425	6,429
Illinois Institute of Technology	65,153	77,432	142,585
Northwestern University		3,640	3,640
State total	70,157	82,497	152,654
Indiana:			
University of Notre Dame	6,929		6,929
Purdue University	48,786	153,948	202,734
Rose Polytechnic Institute	14,937		14,937
State total	70,652	153,948	224,600
Iowa:			
Iowa State College of Agriculture and Mechanics	8,220	1,940	10,160
State University of Iowa	15,696	885	16,581
State total	23,916	2,825	26,741
Kansas:			
Kansas State College of Agriculture and Applied Science	12,963	41,363	54,326
University of Kansas	9,215	18,640	27,855
State total	22,178	60,003	82,181
Kentucky.			
University of Kentucky	3,452	5,000	8,452
University of Louisville	15,406	1,186	16,592
State total	1,858	6,186	25,044
Louisiana:			
Louisiana Polytechnic Institute	1,658	1,790	3,448
Louisiana State University	4,394		4,394
Southwestern Louisiana Institute	1,696		1,696
Tulane University of Louisiana	12,013		12,013
State total	19,761	1,790	21,551
Maine: University of Maine	17,673	1,205	18,878
Maryland:			
Johns Hopkins University	25,221	9,873	35,094
University of Maryland	47,162	15,932	63,094
State total	72,383	25,805	98,188
Massachusetts:			
Harvard University	3,625		3,625
Massachusetts Institute of Technology	51,443	30,392	81,835
Northeastern University	15,725	1,950	17,675
Tufts College	21,830	7,345	29,175
Worcester Polytechnic Institute	2,462		2,462
Massachusetts State College	650		650
State total	95,735	39,687	135,422
Michigan:			
Lawrence Institute of Technology		6,763	6,763
Detroit Institute of Technology	2,154		2,154
University of Detroit		17,945	17,945
Michigan State College of Agriculture and Arts	1,800	11,723	13,523
University of Michigan	6,633	24,628	31,261
Wayne University	22,794	1,395	24,189
Michigan College of Mining and Technology	4,968	2,402	7,370
State total	38,349	64,856	103,205

TABLE 6.—*Allotment of funds for engineering defense training through Apr. 30, 1941*—Continued

Institution	Disbursements	Encumbrances	Total allotment
Minnesota: University of Minnesota	$35, 305	$44, 185	$79, 490
Mississippi: Mississippi State College	8, 561	11, 829	20, 390
Missouri:			
Missouri School of Mines and Metallurgy	7, 887	-----	7, 887
Washington University	52, 968	10, 245	63, 213
State total	60, 855	10, 245	71, 100
Nebraska: University of Nebraska	9, 172	-----	9, 172
Nevada: University of Nevada	781	-----	781
New Hampshire: University of New Hampshire	4, 227	5, 583	9, 810
New Jersey:			
Newark College of Engineering	58, 352	34, 644	92, 996
Princeton University	-----	4, 039	4, 039
Rutgers University	24, 388	760	25, 148
Stevens Institute of Technology	37, 560	45, 750	83, 310
State total	120, 300	85, 193	205, 493
New Mexico:			
New Mexico College of Agriculture and Mechanics	2, 655	-----	2, 655
University of New Mexico	4, 740	6, 045	10, 785
State total	7, 395	6, 045	13, 440
New York:			
Cornell University	37, 097	16, 605	53, 702
Rensselaer Polytechnic Institute	30, 119	-----	30, 119
University of Rochester	6, 555	9, 258	15, 813
Union College	38, 380	-----	38, 380
Brooklyn Polytechnic Institute	-----	12, 611	12, 611
College of the City of New York	17, 625	1, 933	19, 558
Columbia University	1, 500	33, 772	35, 272
Manhattan College	21, 012	-----	21, 012
New York University	31, 939	41, 964	73, 903
Pratt Institute	8, 130	-----	8, 130
Defense Training Institute	94, 746	38, 893	133, 639
State total	287, 103	155, 036	442, 139
North Carolina:			
Agricultural and Technical College of North Carolina	1, 805	-----	1, 805
Duke University	1, 875	6, 340	8, 215
North Carolina State College	68, 698	24, 495	93. 193
State total	72, 378	30. 835	103, 213
North Dakota: University of North Dakota	11, 827	8, 980	20, 807
Ohio:			
University of Akron	3, 935	2, 068	6, 003
Case School of Applied Science	48, 040	38, 975	87, 015
Fenn College	33, 513	2, 073	35, 586
Ohio Northern University	22, 269	-----	22, 269
Ohio State University	32, 785	14, 388	47, 173
University of Toledo	42, 961	4, 818	47, 779
Antioch College	2, 410	-----	2, 410
University of Cincinnati	6, 875	1, 357	8, 232
Ohio University	14, 692	14, 670	29, 362
State total	207, 480	78, 349	285, 829
Oklahoma:			
Oklahoma Agricultural and Mechanical College	3, 587	16, 410	19, 997
University of Oklahoma	5, 835	26, 979	32, 814
University of Tulsa	4, 562	-----	4, 562
State total	13, 984	43, 389	57, 373
Oregon: Oregon State College	95	2, 001	2, 096

TABLE 6.—*Allotment of funds for engineering defense training through Apr. 30, 1941*—Continued

Institution	Disbursements	Encumbrances	Total allotment
Pennsylvania:			
Drexel Institute of Technology	$146, 815	$6, 750	$153, 565
Lafayette College	13, 876		13, 876
Lehigh University	21, 622	6, 650	28, 272
University of Pennsylvania	136, 409	85, 779	222, 188
Swarthmore College	38, 914	5, 759	44, 673
Villanova College	21, 156		21, 156
Bucknell University	6, 852		6, 852
Carnegie Institute of Tenchnology	133, 052	5, 550	138, 602
Grove City College	3, 462		3, 462
Pennsylvania State College	595, 648	1, 262, 661	1, 858, 309
University of Pittsburgh	246, 718		246, 718
State total	1, 364, 524	1, 373, 149	2, 737, 673
Rhode Island:			
Brown University	5, 275	8, 145	13, 420
Rhode Island State College	3, 557		3, 557
State total	8, 832	8, 145	16, 977
South Carolina:			
The Citadel	14, 760	3, 859	18, 619
Clemson Agricultural College	4, 380		4, 380
University of South Carolina	15, 408		15, 408
State Agriculture and Mechanics College		2, 194	2, 194
State total	34. 548	6. 053	40. 601
South Dakota: South Dakota State College of Agriculture and Mechanical Arts	883	1, 555	2. 438
Tennessee:			
Tennessee Polytechnic Institute		1, 350	1, 350
University of Tennessee	6, 667	277	6, 944
Vanderbilt University	14, 500	6, 400	20, 900
State total	21, 167	8, 027	29, 194
Texas:			
Agricultural and Mechanical College of Texas	17, 182	87, 202	104, 384
Souther Methodist University	15, 673	2, 514	18, 187
Texas College of Arts and Industries	2, 550	6, 825	9, 375
Texas Technological College	2, 015		2. 015
University of Texas	12, 639	45, 812	58, 451
College of Mines and Metallurgy	2, 907		2. 907
State total	52, 966	142, 353	195, 319
Utah:			
Utah State Agricultural College	1, 850		1, 850
University of Utah	23, 940		23, 940
State total	25, 790		25, 790
Vermont:			
Norwich University	3, 992		3, 992
University of Vermont	1, 564		1, 564
State total	5, 556		5, 556
Virginia:			
Virginia Military Institute	2, 107	3, 824	5, 931
Virginia Polytechnic Institute	31, 166	384	31, 550
University of Virginia	31, 905		31, 905
State total	65, 178	4, 208	69, 386
Washington:			
Gonzaga University	380		380
State College of Washington	3, 560		3, 560
University of Washington	19, 812	734	20, 546
State total	23, 752	734	24, 486
West Virginia: University of West Virginia	68, 974	3, 350	72, 324
Wisconsin:			
Marquette University	3, 162		3, 162
University of Wisconsin		4, 257	4, 257
State total	3, 162	4, 257	7, 419

TABLE 6.—*Allotment of funds for engineering defense training through Apr. 30, 1941*—Continued

Institution	Disbursements	Encumbrances	Total allotment
Wyoming: University of Wyoming	$1,650	$7,630	$9.280
District of Columbia:			
Catholic University of America		4,010	4,010
George Washington University	14,314	22,410	36,724
Howard University	13,036	13,379	26,415
District total	27,350	39,799	67,149
Puerto Rico: University of Puerto Rico	3,978	2,710	3,978
Grand total	3,378,749	2,989,754	6,368,503

FEDERAL SECURITY AGENCY—NATIONAL YOUTH ADMINISTRATION

NUMBER EMPLOYED ON THE OUT-OF-SCHOOL WORK PROGRAM

On June 21, 1941, there were 354,936 youth employed on the National Youth Administration out-of-school work program. Of these 91,882 were working on construction projects, 127,437 were employed in local workshops, 30,377 in resident work centers and 102,240 were doing such work as providing clerical assistance to local governmental agencies, public health and hospital work, recreational assistance to draft boards and military establishments, etc.

During the 11-month period ending May 31, 1941, an estimated total of nearly 280,000 youth left National Youth Administration projects for jobs in private industry. Beginning at a rate of approximately 14,000 in July and August 1940, the number leaving for jobs has steadily increased and has reached over 47,000 in May 1941.

Although there has been a considerable absorption of youth into private industry and the armed forces during the past year, there still remains a large number of youth who have not been able to secure employment. On May 31, 1941, there were 377,002 youth in the awaiting-assignment files of the National Youth Administration. These youth have been certified to the National Youth Administration as meeting National Youth Administration eligibility requirements of need and are available for immediate assignment.

During the course of the present fiscal year it is estimated that nearly 900,000 different youth will have been employed by the National Youth Administration. Approximately 600,000 of these will have left National Youth Administration projects, of whom more than half will have left because they secured jobs in private industry. The remaining number of youth will be terminated for a wide variety of reasons—because they secure public employment, return to schools, lose their eligibility, reach their 25th birthday and for other and unknown reasons.

LOCATION OF NATIONAL YOUTH ADMINISTRATION PROJECTS

National Youth Administration projects are located in practically every county of the United States. The widespread character of the out-of-school work program enables it to reach youth who cannot be reached by other programs for youth. In December 1940, the program employed youth from 2,821 of the 3,071 counties. In 21 States, youth from every county in the State were employed, and in only 12 States were there as many as 5 counties from which no youth were employed.

Because of the widespread character, an enumeration of project locations is difficult and expensive. It is estimated that National Youth Administration workers are employed at over 20,000 different locations, ranging from large projects employing 800 youth to locations in cosponsors' offices where only 2 or 3 youth may be employed. On clerical and professional assistance projects, for example, youth may be working in 100 different locations in the same city or county.

The National Youth Administration has developed and is operating 5,419 shops and production units. These shops are located in every State, Puerto Rico, Virgin Islands, Alaska, and the District of Columbia. The National Youth Administration also has in operation 622 resident work centers and has under construction 45 others. There are attached tables showing the geographic location of these production units and resident centers.

TABLE 1.—*Number of production units on workshop-production projects—out-of-school work program, May 1941*

Type of production activity	Number of production units		
	Total	Resident projects	Nonresident projects
Total	5,419	998	4,421
Machine and metalworking	1,006	223	783
Machine shop	407	76	331
Sheet metal	308	73	235
Welding	209	58	151
Foundry	82	16	66
Radio and electrical	349	92	257
Radio	192	56	136
Electrical	157	36	121
Automotive and mechanical	604	114	490
Automotive maintenance and repair	506	74	432
Farm implements, equipment	53	21	32
Aviation services	45	19	26
Woodworking	1,303	148	1,155
Sewing	1,567	303	1,264
Industrial	302	25	277
Domestic	1,265	278	987
Other production	590	118	472
Drafting, blueprinting, etc	272	49	223
Miscellaneous production	318	69	249

TABLE 2.—*Number of youth terminated because they secured private employment—Out-of-School Work Program, July 1940 through May 1941*

1940:		1941:	
July	14,500	January	22,437
August	13,490	February	31,596
September	17,093	March	38,852
October	18,234	April	43,058
November	16,844	May	47,540
December	16,009		
		Total	279,653

TABLE 3.—*Number of youth employed by type of project—out-of-school work program, May 1941*

Type of project	Number of youth employed		
	Total	Nonresident projects	Resident projects
Total	377,782	340,264	37,518
Construction	102,085	91,930	[1] 10,155
Roads, streets, and bridges		13,580	
Improvement of grounds around public buildings		9,733	
Building construction, repair, remodeling		47,355	
Recreational facilities other than buildings		13,534	
Conservation		6,349	
Water and sanitation		1,379	
Workshop production	151,665	129,304	22,361

[1] Distribution by detail type not available.

TABLE 3.—*Number of youth employed by type of project—out-of-school work program, May 1941*—Continued

Type of project	Number of youth employed		
	Total	Non-resident projects	Resident projects
Machine and metal working	20, 822	16, 636	4, 186
Machine shop	10, 013	8, 122	1, 891
Sheet metal	6, 836	5, 582	1, 254
Welding	3, 178	2, 311	867
Foundry	795	621	174
Automotive and mechanical	8, 934	6, 828	2, 106
Auto maintenance and repair	7, 162	6, 120	1, 042
Farm implements and equipment	522	231	291
Aviation services	1, 250	477	773
Radio and electrical	4, 625	3, 413	1, 212
Radio	2, 903	2, 060	843
Electrical	1, 722	1, 353	369
Woodworking	36, 394	33, 612	2, 782
Sewing	57, 004	48, 010	8, 994
Other production	23, 886	20, 805	3, 081
Drafting, blueprinting, map-making	2, 914	2, 535	379
Miscellaneous production	20, 972	18, 270	2, 702
Professional and clerical	124, 032	119, 030	[1] 5, 002
Clerical assistance	----------	75, 166	----------
Research, statistical and survey assistance	----------	708	----------
Public health and hospital assistance	----------	15, 049	----------
Library service	----------	3, 269	----------
Arts and crafts	----------	3, 835	----------
Recreational assistance	----------	3, 502	----------
Nursery school and other services	----------	16, 102	----------
Health projects	----------	1, 399	----------

[1] Distribution by detail type not available.

TABLE 4.—*Number of counties of residence of National Youth Administration workers, by States and by urbanization groups, December 1940*

State	Number of counties by urbanization groups							
	Total	Under 2,500	2,500 to 4,999	5,000 to 9,999	10,000 to 24,999	25,000 to 49,999	50,000 to 99,999	Over 100,000
Total	2, 821	1, 238	547	421	333	122	66	94
Alabama	67	33	14	9	8	--------	2	1
Arizona	14	5	3	4	--------	2	--------	--------
Arkansas	75	31	27	9	6	1	1	--------
California	51	12	6	10	10	6	3	4
Colorado	54	30	8	8	5	1	1	1
Connecticut	8	--------	--------	1	2	2	--------	3
Delaware	3	1	1	--------	--------	--------	--------	1
District of Columbia	1	--------	--------	--------	--------	--------	--------	1
Florida	63	27	14	8	7	4	--------	3
Georgia	159	102	28	14	10	1	3	1
Idaho	44	25	12	5	2	--------	--------	--------
Illinois	100	27	19	22	17	9	4	2
Indiana	53	7	6	14	12	8	1	5
Iowa	98	29	36	13	10	6	3	1
Kansas	103	54	19	11	15	1	1	2
Kentucky	103	64	17	11	5	4	1	1
Louisiana	42	15	12	8	3	2	1	1
Maine	15	3	4	3	2	2	1	--------
Maryland	24	7	8	2	3	2	--------	2
Massachusetts	12	--------	--------	1	2	1	2	6
Michigan	74	20	11	17	13	5	5	3

TABLE 4.—*Number of counties of residence of National Youth Administration workers, by States and by urbanization groups, December 1940*—Continued

State	Number of counties by urbanization groups							
	Total	Under 2,500	2,500 to 4,000	5,000 to 9,999	10,000 to 24,999	25,000 to 49,999	50,000 to 99,999	Over 10000
Minnesota	86	39	21	14	9	--------	--------	3
Mississippi	82	46	20	4	10	2	--------	--------
Missouri	109	59	22	16	7	1	2	2
Montana	54	38	4	6	4	2	--------	--------
Nebraska	76	45	14	9	6	--------	1	1
Nevada	15	11	2	1	1	--------	--------	--------
New Hampshire	10	1	--------	1	6	1	1	--------
New Jersey	21	1	1	5	5	2	1	6
New Mexico	21	7	7	4	2	1	--------	--------
New York City and Long Island	7	--------	--------	1	1	--------	--------	5
New York (excluding New York City)	55	2	8	11	16	8	4	6
North Carolina	99	45	20	13	14	2	5	--------
North Dakota	53	41	2	6	3	1	--------	--------
Ohio	79	13	11	16	20	9	2	8
Oklahoma	63	18	16	15	10	2	--------	2
Oregon	32	8	9	9	4	1	--------	1
Pennsylvaia	65	6	8	14	17	7	8	5
Rhode Island	5	--------	--------	--------	3	1	--------	1
South Carolina	46	15	12	10	5	2	2	--------
South Dakota	66	51	7	2	5	1	--------	--------
Tennessee	94	53	20	14	2	1	--------	4
Texas	197	83	47	36	17	5	4	5
Utah	29	17	6	3	1	1	--------	1
Vermont	14	5	1	5	3	--------	--------	--------
Virginia	100	68	11	8	7	3	1	2
Washington	39	14	9	2	9	2	--------	3
West Virginia	52	24	8	10	5	2	3	--------
Wisconsin	67	21	14	13	7	8	3	1
Wyoming	22	15	2	3	2	--------	--------	--------

TABLE 5.—*Number of certified youth awaiting assignment—out-of-school work program, May 1941*

State or Territory	Number awaiting assignment May 31, 1941		
	Total	Male	Female
Grand total	377, 002	176, 713	200, 289
Alabama	16, 161	5, 471	10, 690
Arizona	275	111	164
Arkansas	19, 774	12, 428	7, 346
California	5, 143	1, 838	3, 305
Colorado	6, 580	3, 421	3, 159
Connecticut	32	13	19
Delaware	124	30	94
District of Columbia	254	108	146
Florida	9, 547	4, 142	5, 405
Georgia	17, 438	8, 274	9, 164
Idaho	805	320	485
Illinois	6, 571	3, 206	3, 365
Indiana	5, 744	2, 035	3, 709
Iowa	5, 551	2, 742	2, 809
Kansas	4, 345	2, 811	1, 534
Kentucky	16, 903	10, 393	6, 510
Louisiana	4, 680	1, 597	3, 083
Maine	1, 537	920	617
Maryland	611	16	595
Massachusetts	4, 827	325	4, 502
Michigan	3, 458	1, 990	1, 468
Minnesota	5, 012	2, 496	2, 516
Mississippi	14, 150	7, 896	6, 254
Missouri	9, 233	3, 495	5, 738
Montana	1, 324	645	679
Nebraska	1, 918	940	978
Nevada	54	32	22
New Hampshire	147	29	118
New Jersey	809	198	611
New Mexico	1, 868	1, 009	859
New York City and Long Island	10, 823	1, 061	9, 762
New York (excluding New York City and Long Island)	2, 039	263	1, 776
North Carolina	13, 705	5, 234	8, 471
North Dakota	2, 806	1, 817	989
Ohio	10, 895	4, 854	6, 041
Oklahoma	11, 771	6, 076	5, 695
Oregon	907	399	508
Pennsylvania	23, 016	8, 949	14, 067
Rhode Island	--------	--------	--------
South Carolina	11, 184	4, 479	6, 705
South Dakota	1, 774	835	939
Tennessee	15, 052	6, 834	8, 218
Texas	38, 864	21, 271	17, 593
Utah	2, 514	1, 502	1, 012
Vermont	378	124	254
Virginia	11, 438	4, 990	6, 448
Washington	654	271	383
West Virginia	11, 350	7, 889	3, 461
Wisconsin	4, 394	1, 966	2, 428
Wyoming	274	115	159
Alaska	50	23	27
Puerto Rico	38, 097	18, 799	19, 298
Virgin Islands	142	31	111

TABLE 6.—*Report of the number of resident centers in operation and under construction—out-of-school work program, May 31, 1941*

State or Territory	Number of resident centers		
	Total	In operation	Under construction
Total	667	622	45
Alabama	38	34	4
Arizona	4	4	--------
Arkansas	12	10	2
California	13	12	1
Colorado	11	10	1
Connecticut	2	2	--------
Florida	8	4	4
Georgia	23	23	--------
Idaho	4	4	--------
Illinois	21	21	--------
Indiana	8	8	--------
Iowa	4	3	1
Kansas	32	31	1
Kentucky	14	12	2
Louisiana	33	32	1
Maine	5	4	1
Maryland	2	1	1
Massachusetts	2	2	--------
Michigan	14	9	5
Minnesota	7	7	--------
Mississippi	18	16	2
Missouri	6	5	1
Montana	3	3	--------
Nebraska	12	12	--------
New Hampshire	7	7	--------
New Jersey	6	5	1
New Mexico	1	1	--------
New York City and Long Island	1	1	--------
New York (excluding New York City)	16	16	--------
North Carolina	21	17	4
North Dakota	16	16	--------
Ohio	8	8	--------
Oklahoma	46	45	1
Oregon	6	6	--------
Pennsylvania	16	12	4
Rhode Island	1	1	--------
South Carolina	85	83	2
South Dakota	8	8	--------
Tennessee	19	19	--------
Texas	64	61	3
Utah	2	2	--------
Vermont	1	1	--------
Virginia	16	16	--------
Washington	2	2	--------
West Virginia	6	6	--------
Wisconsin	18	16	2
Wyoming	1	--------	1
Puerto Rico	2	2	--------
Virgin Islands	2	2	--------

TABLE 7.—*Youth employment by type of project and State—Out-of-school work program, week ending June 21, 1941*

State	Total	Resident projects	Local		
			Nonresident production projects	Construction projects	Professional and clerical projects
Grand total	354, 936	33, 377	127, 437	91, 882	102, 240
Alabama	11, 275	1, 810	2, 636	3, 234	3, 595
Arizona	1, 569	99	389	397	684
Arkansas	4, 408	431	1, 422	2, 036	519
California	10, 980	1, 174	3, 411	1, 031	5, 364
Colorado	3, 289	317	1, 377	591	1, 004
Connecticut	2, 736	78	1, 489	71	1, 098
Delaware	789	------------	136	148	505
District of Columbia	1, 584	------------	261	190	1, 133
Florida	5, 060	561	1, 626	1, 352	1, 521
Georgia	6, 752	2, 316	1, 914	1, 384	1, 138
Idaho	1, 131	466	151	308	206
Illinois	22, 773	1, 461	10, 853	3, 826	6, 633
Indiana	9, 790	599	4, 962	2, 526	1, 703
Iowa	5, 926	210	3, 683	1, 212	821
Kansas	6, 043	1, 519	830	2, 625	1, 069
Kentucky	6, 217	858	2, 574	1, 847	938
Louisiana	9, 847	1, 529	4, 937	1, 312	2, 069
Maine	2, 752	860	670	427	795
Maryland	4, 655	13	2, 061	990	1, 591
Massachusetts	10, 504	129	5, 444	638	4, 293
Michigan	10, 543	385	3, 799	1, 759	4, 600
Minnesota	7, 931	388	3, 070	3, 037	1, 436
Mississippi	8, 072	1, 551	1, 380	2, 779	2, 362
Missouri	14, 765	239	5, 459	5, 313	3, 754
Montana	1, 456	137	389	432	498
Nebraska	3, 945	475	1, 613	962	895
Nevada	358	------------	36	87	235
New Hampshire	642	105	304	83	150
New Jersey	11, 644	351	4, 802	1, 555	4, 936
New Mexico	1, 254	10	638	258	348

TABLE 7.—*Youth employment by type of project and State—Out-of-school work program, week ending June 21, 1941*—Continued

State	Total	Resident projects	Local		
			Nonresident production projects	Construction projects	Professional and clerical projects
New York City and Long Island	16,292	12	7,570	1,192	7,518
New York (Excl. N. Y. C.)	11,870	887	5,676	884	4,423
North Carolina	9,586	908	4,762	2,116	1,800
North Dakota	1,795	335	428	539	493
Ohio	26,626	1,224	8,076	10,614	6,712
Oklahoma	6,512	1,830	2,021	1,525	1,136
Oregon	3,750	331	988	992	1,439
Pennsylvania	22,112	994	7,117	7,368	6,633
Rhode Island	1,459	22	1,050		387
South Carolina	4,701	2,117	501	620	1,463
South Dakota	2,054	427	170	1,057	400
Tennessee	11,543	1,081	2,776	4,831	2,855
Texas	17,360	2,552	5,267	6,537	3,004
Utah	751	145	140	286	180
Vermont	713	91	360	28	234
Virginia	6.732	675	1,923	2,306	1,828
Washington	5,504	167	1,954	1,060	2,323
West Virginia	5,817	820	1,236	3,155	606
Wisconsin	4,605	432	1,855	1,056	1,262
Wyoming	855		423	138	294
Alaska	124		20		104
Puerto Rico	5,176	203	699	3,125	1,149
Virgin Islands	309	53	109	43	104

APPRENTICESHIP TRAINING

The training of apprentices within industry is handled by the Apprenticeship Unit in the Division of Labor Standards of the United States Department of Labor. The program of the Apprenticeship Unit and Training Within Industry are closely coordinated. The Director of Training Within Industry is a member of the Federal Committee on Apprenticeship; the Federal Chief of Apprenticeship is a member of the Washington training within industry staff; and field representatives of the Apprenticeship Unit are members of district training within industry panels.

I. FUNCTIONS OF THE UNIT

The Apprenticeship Unit operates under specific congressional enactment authorizing the promotion of labor standards of apprenticeship through cooperation between management and labor. It has been clearly recognized by Congress that this function is entirely distinct from that performed by the vocational division of the Office of Education, in that it promotes the training of skilled craftsmen not in the school but in the factory, the shop, and the plant.

During the past year or so the work of the unit has been concentrated almost exclusively on promotion in defense industries, located principally in the major industrial areas of the United States. Because the primary objective of the unit is to persuade employers and labor to provide the actual training of apprentices, as a result of which the cost to the Federal Government has been negligible, Congress has willingly supplemented the unit's small appropriation to permit the employment of a larger apprenticeship field staff. Two years ago the unit employed only 15 field representatives; a year later, only 16; and today, 113. By the end of August 1941 the unit will have in the field 175 trained representatives to encourage, assist, and advise defense industries in developing their in-plant training programs.

The field staff attempts to secure the adoption of proper labor standards of apprenticeship in one of two ways. Where adequate organization of employers and employees exists, a committee is formed consisting of three representatives from the appropriate employers' association and three representatives from the appropriate labor union. Where the employers are not organized in a trade association, separate apprenticeship committees, representing the employer and the labor organization, are established for each plant. If no bargaining agent exists for the employees, the employer is asked to register his apprenticeship standards with, and secure approval for his standards from, a State, or where this is lacking a Federal apprenticeship committee; all State and Federal apprenticeship committees are composed equally of representatives of labor and employers.

II. GROWTH OF THE APPRENTICESHIP PROGRAM

The rapid expansion of the work of the unit is reflected in the following comparisons:

(*a*) Two years ago the entire unit made only 800 contacts per month, educating representatives of management and labor in desirable apprenticeship standards, advising them on improved methods of in-plant training, and stimulating them to further effort in the preparation of skilled workers. One year later the unit made 900 contacts. Today the unit contacts almost 8,000—roughly, 10 times as many. And every contact results in some improvement in attitude. After 10 years of apathy and neglect, the training of skilled workers in this country is receiving the attention it so vitally needs.

(*b*) Two years ago the unit could record only 300 apprenticeship systems in the United States under standards approved by the Federal Committee on Apprenticeship; 1 year later it recorded 550; today the records show more than a threefold increase, more than 1,000 such systems under approved standards.

(*c*) Two years ago only 11 private plants had adopted training standards recommended by the Federal Committee on Apprenticeship; 1 year later the total had risen to only 22; today 236 are so registered, and almost all of them are in defense industries. Private industry, in other words, is rapidly becoming converted to the belief that only the best form of training will suffice, and that the Apprenticeship Unit, as an impartial Government agency, can and does offer the soundest suggestions in this connection.

(*d*) Against a present total of 125,000 apprentices employed in the United States, it is estimated that we should be training at least five times as many. During the past 6 months the total employed has increased about 25 percent. Only a small fraction of these, however—probably about 50,000—are under adequate training programs. The need for continued aggressive education of the public is urgent. Even with its present field staff, the Apprenticeship Unit can adequately cover only a minor part of the total territory and bring about improved training conditions.

(*e*) Two years ago only 15 States had apprenticeship agencies, 11 of which operated under State laws; 1 year later the respective figures were 21 and 12; today 24 States have such agencies, 15 of which are under State laws. In other words, the people of the various States are becoming increasingly aware of the need for organized programs of training for skilled workers.

(*f*) Almost every labor organization in the country has endorsed the standards recommended by the Federal Committee on Apprenticeship, and employers are increasingly asking for assistance of the field staff in improving their training programs. This assistance has, of course, been carried out in close cooperation with the Training Within Industry Section.

Estimated number of apprentices affected[1] *by program of Federal Committee on Apprenticeship, by States, March 1941*

Total, United States	51, 200
Alabama	400
Arkansas	200
California	4, 200
Colorado	400
Connecticut	1, 100
Delaware	300
District of Columbia	100
Florida	800
Illinois	2, 600
Indiana	100
Iowa	400
Kansas	500
Kentucky	400
Louisiana	700
Maine	200
Maryland	700
Massachusetts	700
Michigan	3, 600
Minnesota	1, 000
Missouri	2, 000
Mississippi	200
Nevada	100
New Hampshire	100
New Jersey	100
New Mexico	100
New York	11, 000
North Carolina	100
Ohio	2, 000
Oklahoma	100
Oregon	900
Pennsylvania	2, 000
Rhode Island	300
Tennessee	1, 100
Texas	2, 000
Utah	100
Vermont	100
West Virginia	100
Virginia	600
Washington	1, 200
Wisconsin	3, 200
Hawaii	400
U. S. Navy	4, 000
U. S. Army	800
Tennessee Valley Authority	200

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[1] "Affected" here means that labor standards of apprenticeship have been improved in one or more respects, although the apprentice is not necessarily operating under all standards of the Federal Committee on Apprenticeship.

TESTIMONY OF SIDNEY HILLMAN—Resumed

Mr. HILLMAN. It is well known that the exact types of skill required in defense industries must be mainly trained within the plants and on the job. Last autumn I established within the Labor Division a separate section to visit the defense contractors—show them the need to inaugurate training programs within their plants as a regular part of their operation. In recent months the progress of training within industry has been very rapid. Our most recent report reveals that 937 major defense contractors, with an aggregate of over 1,500,000 employees, have put in training-within-industry systems and are thus protecting themselves against future skill shortages. These plants are also in a better position than others to increase the number of shifts. Each shift requires a quota of trained workers and supervisory personnel, which the in-plant training provides. I herewith submit a detailed report on training within industry, called Exhibit D, showing its general results and also its results by districts.

The CHAIRMAN. Your exhibit will be received.

(The document referred to follows:)

JULY 7, 1941.

EZHIBIT D.—TRAINING WITHIN INDUSTRY

I. FUNCTIONS

The Training Within Industry Section of the Labor Division of the Office of Production Management was established in September 1940, to assist defense industries in meeting their manpower needs by training within industry each worker to make the fullest use of his best skill up to the maximum of his individual abilities. This is accomplished through upgrading of all classes of personnel as their experience and abilities warrant, through planned job progression, job rotation, and intensive supplementary instruction both on and off the job.

The conclusions of various recent conferences confirm experience that this training includes three phases:

(*a*) Development of production specialists through intensive instruction on the job according to basic operations.

(*b*) Development of all-round skilled mechanics through trades apprenticeship, in accordance with Federal standards, separate from production-worker training, for the purpose of developing a predetermined, limited number of all-round journeymen mechanics.

(*c*) Development of supervisors through careful selection, assignment of supervisory duties of increasing responsibility, and provision for related organized help through discussions and conferences under both plant and outside auspices. Technical and other management assistants must be developed also.

This organization renders specific advisory assistance to defense industries in inaugurating programs which they carry on within their own plants at their own expense. The availability of this service is widely known but is not compulsory. There is no authority to go into a plant on any basis other than at management's request.

Four general types of assistance apply in most cases and are being adapted to fit the various conditions in each specific plant.

1. Help in the analysis of the training needs.
2. Aid in setting up a program within the plant to meet its needs.
3. Experience of other employers who have met similar problems is made available through headquarters and field clearance.
4. Availability of the services of tax-supported Government agencies, such as the State and Federal employment services, vocational and trade schools, engineering colleges, National Youth Administration, Civilian Conservation Corps, Work Projects Administration, made known to plant managements so that the fullest use may be made of them. Only through interpreting the needs of industry to these agencies, and their

closest coordination, can they furnish the most effective preemployment education and preemployment experience as well as related instruction for employed workers.

II. ORGANIZATION

Field service is most effectively rendered by representatives of training within industry, working continuously in local areas of the district in which defense industries are located. This field service is carried on under the general direction of a small staff at Washington headquarters.

The headquarters staff consists of the Director, Associate Director, and specialists experienced in dealing with training problems of industry. The staff is guided by an advisory committee composed of six representatives of labor and six of management. In addition, outstanding persons now actively engaged in successful Training Within Industry programs serve as consultants on a headquarters panel to assist in training methods dealing specifically with certain major industries vital to the defense program. The members of the National Advisory Committee, and the consultants on the headquarters panel are available to the field service as speakers or as advisers regarding special problems when the situations warrant such action and if requested through the Director.

The field organization is set up in 22 districts as follows, according to the most important industrial centers:

1. Northern New England.
2. South New England (Connecticut and Rhode Island).
3. Up-State New York.
4. Greater New York City.
5. New Jersey.
6. Eastern Pennsylvania and Delaware.
7. Maryland.
8. Virginia, North and South Carolina.
9. South Eastern States.
10. Ohio Valley.
11. Western Pennsylvania and Northern West Virginia.
12. Northern Ohio.
13. Michigan.
14. Indiana.
15. Greater Chicago and Illinois.
16. North Central States.
17. Missouri, Arkansas, Oklahoma, and Kansas.
18. Texas and Louisiana.
19. Colorado and Wyoming.
20. Southern California, Arizona, New Mexico.
21. Northern California, Nevada, and Utah.
22. Pacific Northwest.

In each district the organization is as follows:

1. One district representative borrowed from industry because of his experience and standing in this field of work and, if needed, one field assistant and one office assistant.
2. Four advisers, two from labor and two from management, selected on account of their background and working experience in dealing with such problems within manufacturing industries. They assist the district representative in establishing helpful relationships in their areas, and also assist in creating and maintaining public interest in training problems. More than 80 labor leaders and management leaders are now acting in this capacity.
3. A panel of 10 or more personnel and training consultants borrowed from industry on account of their knowledge and experience, who are available on call as needed. Some 400 men are now members of these panels.

III. ACCEPTANCE OF TRAINING-WITHIN-INDUSTRY PROGRAM TO DATE

Acceptance of Training Within Industry programs has been excellent by those companies where there is immediate need for training.

In a few areas of the country, however, there has been excellent acceptance of the program in principle but little use made of it because of the lack of defense contracts. This is particularly true in the Midwest; that is, the St. Louis, Davenport, Chicago, Milwaukee, Minneapolis, and St. Paul areas; and in the Southeast; namely, the Atlanta, Knoxville, Birmingham, Richmond, and Chattanooga areas.

There has been a decided increase in demand for Training Within Industry service, based on a growing realization by management and labor of future manufacturing requirements. Practically every district reports increased demand for Training Within Industry counsel.

IV. SPECIFIC RESULTS TO DATE

Patterns for in-plant training, including specialized workers, all-round mechanics (apprenticeship) and supervision, which are satisfactory to industry, have been developed largely through conferences with personnel and production managers. These patterns have been briefly described in 12 bulletins and 3 case studies, all of which are being distributed throughout defense industries. Several additional bulletins and case studies are in progress.

Some 17,000 sets of bulletins have been requested and distributed.

Several hundred articles in trade and professional papers have been published based upon the bulletins.

Several hundred meetings and conferences have been called in all sections of the country on training, most of which have grown out of the stimulus afforded by the bulletins plus personal visits, addresses, and meetings.

Training programs have been stimulated or effected through adviser, panel, and other contacts with some 937 companies aggregating over 1,500,000 employees. (Figures from 17 out of the 22 Training Within Industry districts.)

Field men have explained to employers how to make full use of Government services, such as Employment Service, vocational schools, National Youth Administration, Work Projects Administration and Civilian Conservation Corps.

They have also aided in subcontracting and in locating unused manufacturing facilities, in endeavoring to get employers to make greater use of Negroes, newly naturalized citizens, and physically handicapped, and in promoting more extensive employment of women in defense industries.

V. PROGRESS OF TRAINING WITHIN INDUSTRY AS OF JUNE 15, 1941

Summary by districts [1]

District and location	Number of firms benefited by training within industry	Number of employees affected [2]	General action and comments [3]
1. Upper New England	42		Distributed about 500 bulletins to interested executives in 4 States. Only few requests for service, but need increasing. Many contractors approve training-within-industry program. Personal contacts rapidly getting under way.
Lower New England	25	200,000	Action primarily in Connecticut; 50 other firms now interested. Expect to complete Connecticut and Rhode Island surveys by Aug. 31. General acceptance of need for training within industry.
3. Upper New York State	(4)	(4)	
4. Greater New York City	19	70,000	Reaction from industry to program very favorable. Demand for service growing as additional contracts are placed.
5. New Jersey	81	134,155	Excellent cooperation from industry. Expect to contact 572 defense firms within next 3 months.
6. Eastern Pennsylvania and Delaware.	10	12,200	Keener realization of necessity for training after 6 weeks of contacts.
7. Maryland	2	22,500	District office just being established.
8. Virginia, North and South Carolina.	15	(5)	Distributed 404 bulletins to firms requesting personal contacts. Contractors now asking for assistance.
9. Georgia, Alabama, Florida, Mississippi, and eastern Tennessee.	43	74,435	Excellent cooperation from industry and Government agencies. Splendid training programs. Need for training-within-industry service growing.
10. Southern Ohio, Kentucky, and southern West Virginia.	(5)	31,000	Increased demand for training-within-industry service already in evidence, with contractors represented on panel, plus advisers and firms contacted, represent 45 to 50 percent of Cincinnati defense manufacturers.
11. Western Pennsylvania and northern West Virginia.	42	232,000	Industry just beginning to appreciate training-within-industry program.

[1] The following figures are based on telegraphic reports dated June 15, 16, 17, and 18, from 17 of the 22 training-within-industry districts. Many companies have had complete training-within-industry service, while others have been counselled and aided generally.

[2] Approximate only. "Affected" here means affected by any training activities undertaken as a result of the training-within-industry program.

[3] The following comments are based on telegraphic reports dated June 15, 16, 17, and 18, from 18 of the 22 district representatives of training within industry.

[4] District office not established yet.

[5] No figures yet.

Summary by districts—Continued

District and location	Number of firms benefited by training within industry	Number of employees affected	General action and comments
12. Northern Ohio except Lucas County.	48	75,000	Companies served seem uniformly appreciative, as most aid has been on acute problems. No limit to service possibilities.
13. Michigan, and Lucas County, Ohio.	159	400,416	Management and labor enthusiastic about training-within-industry program.
14. Indiana	(6)	(6)	
15. Illinois; Lake Porter, La Porte Counties, Ind.	86	64,000	Apathy of business still present. Additional contracts will create greater demand for training-within-industry services. Industry cooperative, but little voluntary request for service. Much interest in training bulletins.
16. Northern Central States, Minnesota, Iowa, Wisconsin, Nebraska, North and South Dakota.	(7)	(7)	Lack of defense contracts. Training-within-industry program formerly met with apathy in Duluth and Minneapolis. Interest in training-within-industry growing.
17. Missouri, Arkansas, Oklahoma, and Kansas.	16	68,200	Demand for in-plant and supervisory training on increase.
18. Texas and Louisiana	(6)	(6)	
19. Colorado and Wyoming	124	21,800	Working closely with all industrial associations, causing broad coverage and effect of training-within-industry program. Good cooperation.
20. Southern California, Arizona, and New Mexico.	42	110,000	Reaction to training-within-industry by industry highly receptive.
21. Northern California, Nevada, and Utah.	150	20,000	General reaction of industry negative, except in shipbuilding industry, which accounts for nearly 90 percent of this area's primary defense manufacturing.
22. Washington, Oregon, Montana, and Idaho.	35	30,300	Reaction on part of industry very favorable to training-within-industry program.
Total	939	1,566,000	

[6] No report submitted.
[7] No figures; three-fourths of area's defense contractors addressed June 12.

VI. ANTICIPATED LABOR REQUIREMENTS

(Based on figures covering 16 out of the 22 districts)

In general, defense contractors are not especially concerned about potential labor shortages.

Training-within-industry programs are being rapidly developed in many districts where, but a few weeks ago, contractors were expressing little if any interest in training.

Several districts, however, are still doing only a small amount of training, due to lack of defense contracts and insistence that labor shortages are not and will not be acute. This is particularly true in upper New England, the Chicago district, and the Minneapolis district.

The majority of district representatives maintain that in-plant training will adequately take care of future labor requirements, providing continued cooperation is obtained from labor and the various Government training agencies.

TESTIMONY OF SIDNEY HILLMAN—Resumed

Mr. HILLMAN. The Detroit-Toledo area leads, with more than 400,000 workers under this type of training. I only wish that time permitted me to dwell upon this remarkable accomplishment in some detail. I must refer you, however, to the report itself.

EMPLOYMENT OF NEGROES

All such training helps to reduce the migration of workers by encouraging the employment of locally resident labor. But one thing more is necessary if local labor is to be utilized to the full, and that is that there shall be no prejudices operating against the local worker. I refer to prejudices because of race, color, creed, sex, and national origin of parents, all of which have played some part in restricting the employment of local labor and hence in creating migrations. The Labor Division has a section working to overcome the consequences of prejudice which operate against Negro workers, and another section dealing with the prejudices against other minority groups. Both are making progress. You are undoubtedly acquainted with the public statements in this connection issued by the President, as well as his Executive order which prohibits discrimination. Obviously, discrimination of this type is calculated to limit defense production and further undermine national morale and the true interests of democracy in this emergency. As long as a man or woman can do the required work, he or she should be employed on equal terms.

I herewith submit a report, called Exhibit E, on the work of the Negro Employment and Training Branch, indicating what is being accomplished in this regard.

The CHAIRMAN. Your exhibit will be received.

(The document referred to follows:)

EXHIBIT E.—NEGRO EMPLOYMENT AND TRAINING

REPORT BY DR. ROBERT C. WEAVER, CHIEF, NEGRO EMPLOYMENT AND TRAINING BRANCH, LABOR DIVISION, OFFICE OF PRODUCTION MANAGEMENT

Field investigations by members of the staff in the Negro Employment and Training Branch of the Office of Production Management indicate that arbitrary employment barriers erected against Negroes and other minority groups in certain defense industries have increased the unnecessary migration of workers into some defense areas. This widespread exclusion of minority groups from participation in defense production has multiplied civic and social problems in various communities by placing additional burdens on the housing, school, police, and fire-prevention facilities of these municipalities. At the same time, these practices have tended to retard the progress of our defense effort by making impossible the total utilization of our human resources.

A few typical incidents will illustrate this situation. In Hartford, Conn., for instance, where an increasing shortage of skilled workers was evident this year, holders of defense contracts not only refused to employ competent and available Negro workers but also barred Negro youths from defense-training programs after the available supply of white youths had been exhausted. While maintaining this ban against Negro workers—thereby increasing the percentage of Negroes on the relief rolls—these employers advertised throughout the country for white workers to come into the Hartford area.[1]

This situation was duplicated in Los Angeles, where large-scale defense production is under way. Outside workers were imported into this area by the thousands while qualified and available Negro workers were denied the opportunity to lend their skills and aptitudes to the defense effort.

During the construction of a camp near Petersburg, Va., hundreds of available Virginia Negro carpenters were barred from employment on this project while thousands of white carpenters from all parts of the country were imported to the site for employment.

Similar practices may result in a heavy influx of outside labor to the Baltimore area this year. A recent survey conducted in that city revealed that approximately 40 percent of the male-labor reserve of Baltimore is composed of Negroes. Assuming that only one-third to one-half of the Negro labor reserve under 45 years of age could qualify for training courses, from 3,000 to 4,500 additional trainees would be made available for defense industries in that area. Conversely, the failure of defense contractors to utilize this potential labor reserve will raise the number of in-migrants to Baltimore from 3,000 to 4,500, with a resultant increase of the housing, school, police, and fire-prevention needs of the community.

Many factors contribute to this widespread practice. One important factor is the attitude of management—both top and supervisory—toward the situation. Some presidents and directors of vital defense industries have refused to take any cognizance of the problem. Others, in isolated instances, apparently have permitted their own emotional bias to influence the employment practices of their companies. Practices of this nature, however, are more prevalent among the superintendents and foremen in defense plants. These men usually establish the practices and draw up the specifications through which workers are hired, and their lack of provision for the integration of qualified Negro workers has been accepted without question by management and labor alike.

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[1] See testimony of T. R. Downs, Hartford hearings, p. 5311-5319, especially pp. 5316 and 5318; and of Martin F. Burke, Trenton hearings, p. 5603 ff.

UNIONS' ATTITUDE TOWARD NEGROES

Another important factor in this picture is the attitude of organized labor toward the integration of organized Negro labor into our defense efforts. Although only a limited number of international unions bar Negroes by ritual or constitutional bans, scores of small local unions establish barriers against the employment of qualified Negro workers.

A typical instance where such a practice affects the problem under consideration occurred recently in Illinois. Hundreds of skilled Negro workers, many of them holding union membership, were barred from construction work on a large powder-plant project near Chicago seemingly because the business agent of certain local unions in the nearby town refused to give clearance to these qualified Negro workers. While we have been able to correct the situation in many trades, these bans have been maintained in several crafts despite the crying need for skilled workers in these categories. At the same time, the local unions involved are calling skilled white workers from other jobs, some of them defense projects, no doubt, in various parts of the country in an attempt to fill the labor needs on this particular project.

ATTITUDE OF WHITE EMPLOYEES IN GENERAL

A third factor which may influence the picture is the general attitude of white employees toward the introduction of Negro workers into industry. While this factor undoubtedly does play a part in the formulation of exclusionist policies, it is often exaggerated by employers in their refusal to hire Negro workers. One large construction engineering firm, for instance, refused to use skilled Negro building trades workers in the erection of a powder plant in the Middle West. The construction manager for this firm defended this practice by saying that "white and Negro artisans would not work together in this section of the country." He refused to alter his position even when it was pointed out to him that subcontractors on this very construction job were using hundreds of Negro and white skilled workers and working them side by side. As a result of his arbitrary position on this question, hundreds of additional Negro skilled workers in the area were denied employment opportunities at the very time that the construction manager frantically sought white workers from other sections of the country.

I do not believe that I can stress too much the economic waste, and the dangers to our national unity, which result from such practices. There is no general formula by which thousands of local situations may be solved. There is, however, in almost every community and in most industries objective evidence that available local labor resources are being ignored while frantic efforts are being made to lure outside workers into defense communities. This is a problem which both management and organized labor must face, and one for which both must seek a solution. In view of the current emergency, it is a problem which deeply affects the entire American economy.

TESTIMONY OF SIDNEY HILLMAN—Resumed

Mr. Hillman. Resident workers may be locally trained, however, and employed, without removing one basic cause for the migration of workers. This lies in inequalities of wages, hours, and working conditions that exist in different localities and between different plants in the same industry.

Different wage scales in shipyards within the same area, for example, might be expected to create excessive labor turnover in that area. A worker can hardly be blamed for quitting his job in a substandard plant and going to work in a plant in the same industry some distance away, where, he understands, conditions are better. During the

World War it was notorious that certain shipyards indulged in competitive bidding for one another's workers, with a resulting rise in costs and disruption of employment conditions within the industry.

It was because of this that the Labor Division last November 27 launched its program of stabilization for the shipbuilding industry, which today is virtually complete. The plan was to bring the employing shipbuilding concerns into conference with the organizations of shipyard labor and with the Navy and Maritime Commission, under the auspices of O. P. M.; and to work out a general agreement on basic zone standards, one agreement for each shipbuilding sector. The Pacific-coast agreement was the first; it was reached on April 11. The Atlantic-coast agreement has been consummated and also has been signed by all parties; the Gulf agreement is scheduled to go into effect August 1; and the Great Lakes agreement was concluded July 11 and its terms are now in process of final approval.

We are now in the first states of extending this stabilization system to the aircraft industry. O. P. M. has similarly initiated a stabilization program for the construction industry. A tentative agreement has already been arrived at between the Federal agencies in charge of construction and the building trades. By stabilizing conditions on an industry-wide basis, migration is discouraged.

(The following memorandum giving the outlines of the agreement mentioned above was later received from the witness and accepted for the record as Exhibit E-1:)

EXHIBIT E-1.—MEMORANDUM OF AGREEMENT BETWEEN THE REPRESENTATIVES OF GOVERNMENT AGENCIES ENGAGED IN DEFENSE CONSTRUCTION AND THE BUILDING AND CONSTRUCTION TRADES DEPARTMENT OF THE AMERICAN FEDERATION OF LABOR

1. UNIFORM OVERTIME RATES

Where a single shift is worked, 8 hours of continuous employment, except for lunch periods, shall constitute a day's work beginning on Monday and through Friday each week. Where work is required in excess of 8 hours on any one day or during the interval from 5 p. m. Friday to 7 a. m. Monday, or on holidays such work shall be paid for at one and one-half times the basic rate of wages.

2. UNIFORM SHIFTS

Where two or more shifts are worked, 5 days of 7½-hour shifts from Sunday midnight to Friday midnight shall constitute a regular week's work. The pay for a full shift period shall be a sum equivalent to eight times the basic hourly rate, and for a period less than the full shift shall be the corresponding proportional amount which the time worked bears to the time allocated to the full shift period. Any time worked from Friday midnight to Sunday midnight, or in excess of regular shift hours, shall be paid for at one and one-half times the basic rate of wages. Wherever found to be practicable, shifts should be rotated.

3. NO STOPPAGE OF WORK

The Building and Construction Trades Department of the American Federation of Labor agrees that there shall be no stoppage of work on account of jurisdictional disputes, or for any other cause. All grievances and disputes shall be settled by conciliation and arbitration.

4. SUBCONTRACTORS

It shall be the policy of all Federal contracting agencies to require the utilization of specialty subcontractors on those parts of the work which, under normal contracting practices, are performed by specialty subcontractors subject, however, to the following:

(*a*) When a general contractor can demonstrate that specialty work has been customarily performed by his own organization and that his existing organization is competent to perform the work, he may be permitted to do so.

(*b*) Where the performance of specialty work by specialty subcontractors will result in materially increased costs or inordinate delays, the requirement hereinbefore mentioned may be waived.

On negotiated contracts the decision as to which parts of the work will be performed by subcontract will, insofar as may be practicable, be made at the time the contract is negotiated.

5. PREDETERMINATION OF WAGES

In predetermining the minimum wage which is to be paid to contractor's employees on the specific construction job, consideration shall be given to the rates prevailing in the area from which labor must be drawn to man the job and to new wage rates which have been negotiated and concluded through bona fide collective-bargaining processes which will take effect at a future date.

Wage rates paid at the start of work on a project shall continue until the completion of the project, or not more than 1 year, and new agreements or new determinations of wages for work in the same area will become effective only on new jobs started or new contracts signed after the employer-employee agreement has been negotiated.

6. APPLICATION OF AGREEMENT

Any contract work done for, or through, any Federal agency for defense purposes within the continental limits of the United States and the Panama Canal Zone shall be governed by this labor policy.

It is understood that the provisions of this agreement shall apply only to national defense projects.

7. APPRENTICES

It is agreed that the number of apprentices used shall be limited to the number agreed upon between the respective unions and contractors and approved by the Department of Labor in the case of those unions and employers' associations that have established apprenticeship standards in conjunction with the Department of Labor and the number of apprentices in other cases shall conform to the usual practice prevailing between the unions and the employers' associations of the respective trades.

8. BOARD OF REVIEW

There shall be constituted a board consisting of a representative of the Government agencies, a representative of the building and construction trades department of the American Federation of Labor, and a representative of the Office of Production Management. It shall be the function of this board to interpret the provisions of this agreement, to adjust disputes arising hereunder, and the findings of the board shall be binding on the parties to the agreement. In case of a dispute involving a specific governmental agency, that agency may designate a representative as a temporary member of the board for the mediation of that dispute. The board shall have no authority to encroach upon or to relieve any governmental agency of its legal authorities and/or responsibilities.

TESTIMONY OF SIDNEY HILLMAN—Resumed

COLLECTIVE BARGAINING AS CHECK ON MIGRATION

Mr. HILLMAN. Collective bargaining itself has a stabilizing influence, and there is less migration in industries where collective bargaining prevails than in those which are not organized or organized only in part.

I herewith submit a report, marked "Exhibit F," on the work of the Shipbuilding Stabilization Committee of the Labor Division, showing its progress to date.

The CHAIRMAN. The document will be received.

(The document referred to follows:)

Exhibit F.—History of the Shipbuilding Stabilization Committee—Its Origin and Purposes

In the single year since the start of the present defense program in June 1940, Congress has appropriated approximately $8,000,000,000 for the building of naval and merchant ships. In only 1 month during the 4 years 1935-38 had aggregate employment in the construction and repair of vessels reached 100,000 men. As late as December 1939 it was only 132,000. Under the stimulus of the greatest shipbuilding program ever undertaken in this country, the number of shipyard employees was rapidly to increase, however, so that by February 1941 it was 251,000, while estimates of the Bureau of Labor Statistics forecast an employment by September 1942 of 725,000—which would mean an increase in 3 years of 600,000, or more than 500 percent.

In the great Emergency Fleet program of the first World War the maximum number of employees in steel shipyards—not attained until May 1919—was 268,000. The earlier peak in wood and composite shipyards had been 80,000. Construction and repair in navy yards and in private shipyards doing work not for the Emergency Fleet Corporation would, of course, add somewhat to the total—but still give a figure considerably smaller than that now in prospect. Experience during the earlier emergency showed, however, how exceedingly grave were the problems created even by this lesser expansion in shipyard activities. In the summer and fall of 1917, with the United States already at war, a succession of strikes occurred in shipyards surrounding New York, in yards at Wilmington, Del., and Philadelphia, and at the ports of Seattle, Portland, and San Francisco. With 40,000 shipyard workers and 10,000 other metal trade workers out, practically the entire shipbuilding program on the Pacific coast was tied up. Lying back of these visible signs of disruption and unrest was a confused policy, or early lack of policy, with regard to wage rates—competitive bidding, which led on the one hand to a spiraling of wages and pyramiding of costs to the Government, and on the other to futile movement of men from yard to yard and city to city.

PURPOSE OF THE SHIPBUILDING STABILIZATION COMMITTEE

It was to counteract, during the present emergency, tendencies in this direction that on November 27, 1940, the Labor Division of what was then the National Defense Advisory Commission, announced the appointment of a Shipbuilding Stabilization Committee. By this time labor shortages were already occurring in certain occupations. This was especially true of ship carpenters, loftsmen, and shipfitters. There was also an inadequate supply of marine architects, shop electricians, marine gas-engine machinists and template makers. The danger of competitive wage bidding was increased by the extreme lack of uniformity in rates and earnings as between shipyards. For example, the average yard hourly earnings of skilled burners and welders varied along the Atlantic coast from $1.267 for the yard with the highest average to $0.621 for the yard with the lowest average. The ultimate purpose of setting up a committee was, of course, not so much to establish uniform standards for their own sake as to remove causes of controversy and friction, so that all efforts might eventually be directed to increasing production. It was desired, moreover, not to have the job of recruiting and training labor vastly complicated by unnecessary migration or the movement of men from one yard to another and then back again, and to reduce to a minimum the harmful effects of migration on living conditions.

REPRESENTATION ON STABILIZATION COMMITTEE

The Shipbuilding Stabilization Committee is composed of four representatives of labor (two from the American Federation of Labor and two from the Congress of Industrial Organizations), four representatives of the shipbuilding industry, representatives of the United States Navy and United States Maritime Commission, and a chairman and executive secretary from the Labor Division of what is now the Office of Production Management. The labor representatives on the committee are John P. Frey, president of the metal trades department of the American Federation of Labor, and Harvey Brown, president of the International Association of Machinists, representing the American Federation of Labor; and John Green and Philip Van Gelder, president and secretary, respectively, of the Industrial Union of Marine and Shipbuilding Workers of America, representing the Congress of Industrial Organizations. The industrial members on the Committee are H. Gerrish Smith, president of the National Council of American Shipbuilders, representing the Great Lakes shipyards; Gregory Harrison, representing the Pacific shipyards; F. A. Lidell, representing the Gulf shipyards; and Prof. H. L. Seward, representing the Atlantic yards. Rear Admiral Emory S. Land, Chairman of the United States Maritime Commission (with Capt. J. O. Gawne, U. S. Navy, as his alternate) is the member for the Maritime Commission; while Joseph W. Powell, Special Assistant to the Secretary of the Navy (with Capt. C. W. Fisher, U. S. Navy, as his alternate), represents the Navy. Morris L. Cooke, industrial engineering consultant to the Labor Division of the Office of Production Management, is chairman of the Committee, and Thomas L. Norton is executive secretary.

POLICY OF STABILIZATION COMMITTEE

At its initial meeting on December 5, 1940, the Committee adopted the following statement of policy:

"The Shipbuilding Stabilization Committee at its first meeting adopts a policy urging that there should be no interruption of production on the part of shipyard employers and of shipyard employees before all facilities at the disposal of the National Defense Advisory Commission for adjusting differences have been exhausted."

As a result of deliberations extending over several meetings the Committee concluded that labor conditions could best be stabilized through voluntary cooperation on the part of all parties concerned, and that the basis for agreement could best be worked out in a series of zone conferences at which the employers and union representatives in each region, together with Government officials, would arrive at zone standards. The zone standards, however, would cover only the most basic matters, those points respecting which the Government, as the final purchaser of the product and trustee for the whole defense program, had a vital interest. Broad zone standards having been arrived at, it would then be left to the employers and employees in each local area to themselves come to an agreement covering many matters in greater detail—or with variations to fit the customs or ideas of the parties.

It was decided that zone standards should cover only the following points:

(*a*) Basic wage rate for standard skilled mechanics. The definition as to who were to receive the standard rate and what differentials were to be paid for other occupations was left for determination by the parties. This would permit a maximum of conformity to local custom.
(*b*) Overtime.
(*c*) Premiums for working on second and third shifts.
(*d*) Bar against limitations on production.
(*e*) A no-strike and no-lockout clause.
(*f*) Provision for grievance machinery.
(*g*) A 2-year duration clause, with provision, however, for wage adjustments at the end of 1 year.

Though not a "must" item, the Committee sought to have the question of training programs included in the standards for the industry.

COAST FIRST AREA COVERED BY ZONE STANDARDS

The Pacific coast was chosen as the first area to be covered by zone standards. The technique used at the conference was as follows:

Since the American Federation of Labor unions were in the majority in the shipyards in that region, representatives of these unions developed the zone standards with those employers with whom they had agreements. The Industrial Union of Marine and Shipbuilding Workers of America (Congress of Industrial Organizations) merely had observers at the conference, but this union agreed in advance to conform to the standards as established. The United States Navy, the United States Maritime Commission, the Office of Production Management, and the Shipbuilding Stabilization Committee were also represented by official observers. Following the determination of zone standards for the Pacific coast, it happened that the employers and union representatives for that zone as a whole entered into a "master agreement" which, while within the limits set by the zone standards, went into greater detail, setting up for the whole coast certain further standards within which local agreements were to be worked out for the individual yards. The Government was not a party to this "master agreement."

At the Atlantic coast conference, on the other hand, the Congress for Industrial Organization union represented all labor. No master agreement has been introduced on the Atlantic coast or in any of the other zones.

On both the Atlantic and Pacific coasts complete agreement has now been reached on zone standards—the only serious incident having been the refusal of two machinists' locals in San Francisco to subscribe to the standards accepted by their representatives, and a strike at San Francisco which followed. This ended, however, in the signing of the agreement by all parties.

On the Gulf the work of the conference has been completed, and the standards will doubtless have been approved by all concerned by August 1. On the Great Lakes negotiations were concluded on July 11, and the conference adopted the standards on that date.

It is the hope of the Shipbuilding Stabilization Committee that, a check having been put on the development of competitive differentials, the gigantic task of adding some 600,000 men to the shipbuilding industry can be carried through with a minimum of migration, either geographically or in the way of drawing men from other defense industries—particularly shipbuilding—and with a maximum of opportunity left open for the locally unemployed or ineffectively employed.

At the request of the Shipbuilding Stabilization Committee, the Bureau of Labor Statistics made a survey of the sources from which skilled men were drawn for 5 Atlantic coast shipyards during the last 6 months of 1940. Of 1,580 skilled workers hired it was found that 1,015, or 64 precent, came from the State in which the shipyard was located (or in the case of Camden, from New Jersey or Pennsylvania). Their occupations, as of the date hired, has been as follows:

	Percent
Shipbuilding	6. 7
Machine tool and aircraft industries	3. 7
Other manufacturing industries	14. 6
Nonmanufacturing industries and Government employment	26. 9
Self-employed	9. 8
Works Projects Administration and unemployed (including persons just out of school)	34. 1
Not reported	4. 2
Total	100. 0

There were important variations between yards in some of the figures. Thus the percentages of skilled employees recruited from Works Projects Administration or from among the unemployed, taken yard by yard, ran 71.9, 27.4, 18.1, 16.5, and 6.9 percent, respectively.

TESTIMONY OF SIDNEY HILLMAN—Resumed

Mr. Hillman. The temptation to the worker to leave home and migrate is felt with special strength in those communities which have no share in the work of defense production.

Last autumn the Labor Division became interested in the so-called ghost towns and had a study made of them.

(The following study was received later from the office of Mr. Hillman and accepted for the record as Exhibit F–1:)

Exhibit F–1.—History of the Efforts of the Labor Division to Revitalize Ghost Towns and to Stimulate Subcontracting

As soon as the national-defense program reached a stage where a substantial volume of defense work had been contracted for it began to be evident that the shift from normal peacetime activities to munitions production would raise serious problems of industrial and population migration. In the accompanying table the value of defense contracts awarded to concerns in the several States through March 1941 is compared with the population of each State to obtain a per capita value. Between the high of $305 per capita going to Connecticut and no contracts at all going to North Dakota there is almost every degree of variation in the volume of defense orders distributed.

Something of this sort was, of course, inevitable. The first airplane orders had to go to a State with an airplane industry, orders for ships to localities having shipyards, while few if any defense contracts could be expected to go to purely agricultural areas. Also the impact of defense production has been spread much more widely than these figures suggest because goods finished in one State generally require much material produced elsewhere.

When all allowance is made for these conditions the geographical distribution of defense orders nevertheless raised and is continuing to raise serious problems. On the one hand communities receiving large volumes of orders were confronted with a problem of expansion. It became necessary to enlarge plants, to import workers, to build houses, to extend community facilities of all kinds. All this meant a double burden and danger. The first effect was to cause congestion and expense, and raise all the problems connected with boom towns. The second menacing aspect of the situation was the overexpanded condition which was likely to reveal itself as soon as the peak of emergency production had been passed. The timing and character of post-war adjustments is of course as yet unknown. Certainly, however, we should not go any further than is necessary in shifting our industries and population to centers where the need for them may cease when the emergency passes.

Value of defense contracts in dollars per capita

Alabama	57. 6
Arizona	3. 2
Arkansas	2. 5
California	186. 0
Colorado	109. 0
Connecticut	305. 4
Delaware	81. 6
District of Columbia	8. 3
Florida	24. 7
Georgia	25. 3
Idaho	2. 2
Illinois	32. 5
Indiana	97. 3
Iowa	26. 9
Kansas	28. 7
Kentucky	10. 5
Louisiana	14. 5
Maine	163. 8
Maryland	167. 0
Massachusetts	158. 9
Michigan	125. 9
Minnesota	14. 9
Mississippi	31. 1
Missouri	90. 2
Montana	(1)
Nebraska	4. 9
Nevada	25. 4
New Hampshire	23. 3
New Jersey	258. 9
New Mexico	17. 6
New York	72. 6
North Carolina	19. 1
North Dakota	None
Ohio	58. 7
Oklahoma	2. 8
Oregon	34. 9
Pennsylvania	71. 3
Rhode Island	70. 1
South Carolina	19. 5
South Dakota	. 2
Tennessee	25. 3
Texas	31. 7
Utah	18. 0
Vermont	7. 8
Virginia	201. 5
Washington	249. 7
West Virginia	57. 4
Wisconsin	34. 8
Wyoming	17. 1

[1] Less than 5 cents per capita.

PROBLEM OF AREAS WITH FEW DEFENSE ORDERS

The other and more serious half of the problem introduced by the uneven distribution of defense work lay in the communities where defense orders were few or nonexistent. At the start, this merely showed itself as a failure to share in the quickening of industrial activity occurring in communities getting defense orders. As soon, however, as shortage of labor developed in defense centers, this meant that communities lacking orders began to lose their normal labor supply. Next there has been a tendency to lift key equipment bodily from shops having no defense business and transport it to other places, thus removing the very possibility of carrying on productive work in the localities whose equipment has been depleted. Finally, now that we are reaching a point where priorities are beginning to cut off materials from some producers, and restrictions on consumption also promise to curtail production in various peacetime industries, the predicament of many companies and communities which have not shared much in the defense program promises to be greatly aggravated.

The decline in industrial activity in some areas and its overstimulation in others is of high concern to workers threatened with unemployment, to the shops in which they normally work, and to the communities in which they live. The immediate reason for desiring a better distribution of defense work is, however, the expediting of defense production. The largest possible volume of defense production is needed this year. The output from new equipment introduced into enlarged plants cannot be available in any appreciable volume until next year, if then. Where it is possible to utilize existing but idle equipment precious time is saved—in addition to avoiding the cost, additional drafts on labor and materials and confusion inherent in building new capacity. Furthermore, even if we were 100 percent equipped to meet the needs of today, changes in the type of goods wanted would soon throw some capacity into idleness, at the same time that there would be serious delays in the bringing out of new products, unless ways could be found to quickly convert much of the capacity already on hand but not in use, so that it could again become active in the meeting of new needs.

TWO METHODS OF IMPROVEMENT

Though the difficulties which have here been mentioned cannot be overcome entirely, there are two main methods by which we might hope to bring about an improvement. The first method is to introduce such changes in the way in which Government contracts are let, or effect such organizations and preparations in the areas where activity is slack, that prime contracts themselves can be placed where none are now held. The second method is to work out arrangements by which firms having large Government orders can place many of the actual operations with other concerns which could not undertake to produce all of the given product, but could do some part—a procedure which is known as subcontracting or farming out. Obviously there are real difficulties involved in the application of either of these methods. Yet the records of munitions production in England, Germany, France, and Spain indicate extensive farming-out programs in most of these countries, and it has long been known that even before the American defense program got well under way subcontracting had been carried on with marked success by certain companies in this country. Because of the great importance of this issue both to labor and to national defense, it seemed to the Labor Division that much more should be known on the one hand of the difficulties, and also the possibilities, of placing work in the communities which have so far had little, and on the other hand of the technique, and also the problems, involved in successful farming out.

SURVEYS IN SLACK AREAS

Active exploration along the first of these lines was started in October 1940. A group of engineers and economists was sent out to selected areas where the decline of some industry had created a serious slack, and quick surveys were made of the conditions found to exist and of the possibilities of putting unemployed labor and equipment to work on defense production. In these early trips some 8 or 10 cities, a number of which could well be termed "ghost towns," were visited. These included Paducah, Ky.; coal-mining centers in southern Illinois, Bloomington and Bedford, Ind., where the limestone industry had been depressed; Cambridge, Ohio, and Harrisonburg, W. Va.; and in Pennsylvania, New Castle, Chambersburg, Franklin, Sharon and Farrel, and Beaver County. Later, contacts were made with communities in almost all parts of the United States.

Exploration into the technique, the problems and possibilities of subcontracting was started in November 1940.

The work of the Labor Division on "ghost towns" and "farming out" has been primarily educational and promotional. The actual administration of subcontracting aids, especially since the organization of the Defense Contract Service, has been in the Production Division. The Labor Division has, however, consulted with persons in many communities who were seeking light on how they might take a part in the defense program; it has endeavored to stimulate interest among manufacturers, technical men, and in the Government departments; and it has issued the following farming-out bulletins:

No. 1. Farming Out Practices at Home and Abroad.
No. 2. Available Capacity in Special Areas.
No. 3. List of Selected Defense Prime Contractors.
No. 4. The Problems and Organizations of Farming Out.
No. 5. Farming Out Methods.

SUBCONTRACTING HAS INCREASED

During the months which have passed since the Labor Division started work in this field there has been a material increase in the volume of subcontracted work. In many of the depressed areas visited there has been some improvement in conditions, mainly because with the general quickening of national industrial activity, including the growing volume of rail transportation, electric power generation, etc., there has been a pick-up in many servicing and supplying industries. In New Castle, Pa., the pressure on steel production has compelled the reopening of closed mills, and in other places there is at least an early prospect of some defense business.

In general, however, it cannot be said that the problem of depressed areas or of farming out has been solved. As a matter of fact, farming out cannot get very far if pushed merely as an end in itself. At the root of the whole problem is the need for an intensified planning of defense production. Only as procurement authorities determine precisely what is needed, and break these needs down into the component parts of machines as well as the whole product, and then bend every effort to find where the necessary work can be done and done quickly can there flow any real volume of work to those who are not in the direct line for prime contracts.

Unfortunately this type of analysis, and the effort to mobilize for full use all out capacity and labor power wherever it is, has been very slow in getting under way.

TESTIMONY OF SIDNEY HILLMAN—Resumed

Mr. Hillman. A general policy of subcontracting has been strongly advocated, but this, I understand, is to be the subject matter of testimony by Mr. Mehornay of O. P. M.'s Defense Contract Service.[1]

One further point remains. The effect of mandatory priority orders in creating unemployment in plants which cannot get materials is at present causing concern, and a special section of the Labor Division has been established to deal with the whole problem of priorities in their effect on labor displacement. As my final exhibit I submit a report on this work.

I herewith submit Exhibit G for the record.

The Chairman. It will be received.

(The document referred to follows:)

Exhibit G.—Work of Priorities Branch, Labor Division, Office of Production Management

The imposition of priorities on scarce metals and materials is almost certain to cause some displacement of business and labor. Priority action involves some curtailment in the use of a metal or material in the manufacture of certain products for civilian use.

For example, although the production of virgin aluminum has been increasing, the use of such aluminum for the manufacture of articles like ice trays, automobile parts, cooking utensils, foil, costume jewelry, and building materials has been curtailed as the military requirements for virgin aluminum have expanded.

The consequence of directing more and more aluminum into airplane production has been that employers with productive facilities formerly used to produce nondefense articles must either substitute some other material for aluminum if they remain in nondefense production, or arrange to use their productive equipment on defense orders for which aluminum is available, or find their operations curtailed by the lack of available metal for nondefense production.

In contrast to domestically produced metals and materials, whose output has been increasing, is the situation in certain imported articles such as rubber, cork, and tin, in which stock piles are being accumulated against the day when this country may be cut off from the overseas sources of supply for these materials used in defense production. The accumulation of such a stock pile may involve a priority program for reducing the amount of the commodity available to manufacturers. In the case of rubber, for example, the manufacturers are receiving 15 to 20 percent less crude rubber this month than they used in their operations in June, and they will receive a progressively smaller amount each month of this year.

The Labor Division of Office of Production Management, is, of course, vitally concerned about the problem of labor displacement resulting from priorities, not only because of the unfortunate personal effects upon those workers who may be rendered temporarily idle, but also because we are trying to make the most effective possible use of the available labor supply in order to facilitate the defense program.

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[1] See p. 6409.

It has been the policy of the Labor Division of Office of Production Management to strive, insofar as possible, to keep existing working forces intact in the plant and the community where they have been located in order to avoid the waste involved in disrupting present staffs, building up and training new staffs under different supervision, and shifting workers and their families from one locality to another.

PROGRAM TO MINIMIZE EFFECTS OF PRIORITIES ON LABOR

In order to minimize the effects of priorities on labor and to aid in the transfer of productive facilities from nondefense to defense work, the Labor Division has pursued the following program:

1. We recommend that commodities be placed under mandatory priority before shortages become acute so that sudden curtailments may be avoided and producers can anticipate and prepare for future curtailments.
2. In priority orders and in the administration of priorities, we try to make certain that some material is reserved for allocation to firms that are definitely shifting from nondefense to defense work so that they can maintain their working forces intact during a short transition period.
3. We have an arrangement with the Defense Contract Service whereby we call to their attention cases and areas of present and prospective labor displacement so that the Defense Contract Service may survey the equipment of the employer or branch of the industry in order to ascertain what defense orders could be produced by that equipment.
4. The possible use of substitute materials as a means of maintaining existing working forces is a matter that is taken up with the Conservation Service of the Office of Production Management, whose special job is the use of substitutes to conserve on strategic materials.
5. When, for various reasons, an employer is unable to shift to defense work or to a substitute material and is forced to reduce his employment, arrangements are made for the United States Employment Service to register his workers for employment in the expanding defense program.

LIAISON, UNIONS-O. P. M.

In order that the representatives of the labor that may be affected by priorities or other Office of Production Management action may be fully advised and may in turn offer advice and proposals to the commodity chiefs in the Office of Production Management who are administering the priority, production, and purchasing program in each commodity, there are in the Labor Division two representatives, one approved by the American Federation of Labor and the other by the Congress of Industrial Organizations, who serve as liaison with their respective organizations. In addition, because of the growing impact of priorities upon labor, a number of special advisers are being appointed from national labor organizations, so that there will be an adviser to the Labor Division from the national union directly involved in a particular commodity or industry, especially in those industries most affected by priority orders.

Furthermore, defense labor advisory committees, corresponding to the defense industry advisory committees, are being established. The labor advisory committees will consult with the staff of Government experts in the various commodity sections and advise them on those aspects of defense production and priorities that are of primary concern to labor, as the industry advisory committees will consult and advise on matters of primary concern to industrial management. Section 2 of Office of Production Management Regulation No. 8 explains the selection of these labor advisory committees as follows:

"Whenever in the judgment of the Director of the Labor Division of the Office of Production Management the interests of national defense will be served thereby, he shall invite the representatives of labor in an industry in which there is a commodity section in the Office of Production Management to nominate delegates to comprise the membership of a Defense Labor Advisory Committee. The Director of the Labor Division shall appoint the members of each Defense Labor Advisory Committee. He, or such officer of the Division as may be approved by him, will act as a point of clearance for the committees and keep records of their membership."

TESTIMONY OF SIDNEY HILLMAN—Resumed

Mr. Hillman. We want to establish the practice by which, when a defense industry needs workers, it will promptly use the facilities of the nearest public employment office for both present and pending needs. That office will arrange for the necessary workers to be found locally if they exist locally, and otherwise will arrange to locate them in the speediest manner possible. The greatest single need in coping with this problem is that all defense employers make use of the public employment system; and this they are doing increasingly. By this means, together with other steps in the program, vocational training, in-plant training, and a generally systematic handling of defense labor supply, now under integrated supervision, we are confident that the labor needs of defense can be met without the evils of an undirected flow of labor. [Reading ends.]

Mr. Sparkman. Thank you, Mr. Hillman. I think that is a very fine and clear statement.

A good many of the questions that I had outlined are answered in the statement. But there are some others which I would like to ask you and have your comments on.

PLANS FOR 3-SHIFT, 7-DAYS-A-WEEK OPERATION

Has your Office any estimate as to the time when the various defense industries may be expected to go on a full-time basis—that is a three-shift day and a 7-day-a-week basis?

Mr. Hillman. We have no estimates about all industries. We are following each industry to find out whether they are utilizing at least two shifts a day and, if not, why not.

We are doing it in the aircraft industry right now and in the shipbuilding industry and, of course, in the Ordnance Division, but we haven't got as yet an estimate of all of them because, gentlemen, they must first have the orders before they can do that.

Unless our defense program is planned so far ahead that there is sufficient backlog of work we can't possibly ask the employer to put on two or three shifts because he may not have orders to carry him that far.

Mr. Sparkman. As I get it your idea is that if it becomes necessary it can be done?

Mr. Hillman. We are doing it right now. We are following it up in the aircraft industries because there are sufficient orders placed to utilize all the facilities and all of their labor. The same is true in the shipbuilding industry.

ESTIMATED TOTAL LABOR REQUIREMENT

Mr. Sparkman. What are the present estimates of the total labor requirements for the defense industries? I notice in your statement you gave increases that we might expect?

Mr. Hillman. We expect about, for next year, conservatively, 3,000,000 additional workers will be required for the defense effort, and that goes for the increase in the next year. You may be interested to know that our estimates of today show that there are 2,700,000 people working directly on defense contracts as against 400,000 people in equivalent employment exactly 1 year ago.

Mr. SPARKMAN. Let me get that clear. There are 2,700,000 employed in defense industries today?

Mr. HILLMAN. Yes, sir.

Mr. SPARKMAN. As against 400,000 people a year ago?

Mr. HILLMAN. Yes. This is an employment gain of 2,300,000—that is, additional people. And then we have the people who are working short time and people who are working a great deal of overtime.

Mr. SPARKMAN. Now, your additional 3,000,000 will be in addition to the 2,700,000?

Mr. HILLMAN. That is right.

Mr. SPARKMAN. In other words, you estimate that a year from now the total number employed will be 5,700,000?

Mr. HILLMAN. Of course it depends on the needs of the program. As we go along we find that we are increasing the defense program. Of course it is our task to see to it that if the program calls for a greater expansion that we go ahead and secure that expansion.

Of these 2,700,000 people working on defense contracts 1,000,000 are directly engaged in defense-construction projects relating to shipbuilding, aircraft, and ordnance and similar undertakings.

NUMBER OF MIGRATORY WORKERS TO BE STUDIED

Mr. SPARKMAN. How many of these additional workers, these 3,000,000 additional workers, will have to be brought in from other centers?

Mr. HILLMAN. Congressman, I can supply that information, but it will take a little more study. It depends on how much we utilize the existing facilities.

Now, we are making every effort to bring about more subcontracting. Mr. Mahorney will give you all we are doing along those lines. A great deal is being done now to get the load spread by breaking up the prime contracts into subdivisions so that we can place it where existing facilities exist. The more we do that, the less we will need new people.

The same thing is happening in replacing some of the consumer goods, especially the durable consumer goods, with defense projects. Of course, as to how successful we will be in that effort will depend entirely on how many more people we will need.

NEW SET-UP OF LABOR DIVISION

Mr. SPARKMAN. The committee is very much interested, Mr. Hillman, in the recent reorganization of the Labor Division. I wonder if you will give us the new set-up.

Mr. HILLMAN. We have been using what we had before, when I came here a year ago. We have tried to coordinate the existing Government agencies in connection with the requirements or the possible requirements for the labor needs. We have called in the existing agencies and we have ourselves acted as a coordinating agency in Washington, and the agencies themselves have carried through the policy in the field.

Now, it may be interesting to you to show you the number of agencies that do the planning and policy making for our requirements. It takes in the apprenticeship committee representatives from the Department of Labor; the W. P. A.; the Bureau of Labor Statistics; Bureau of Employment Security; Bureau of Research and Statistics of the United States Employment Service; the Defense Training, a branch which represents the United States Office of Education; Negro Employment Training; Minority Groups to see that they are utilized in our labor supply; Training Within Industry Branch, which is one of the major branches of training today, with 22 branches throughout the Nation. In each branch, the top men from each industry, who have the experience in training within industry and who are associated with labor and industry, comprise an advisory panel of almost 600 people from different industries. These men are on call to try to show any particular firm how to do the best training within industry. The Priority Branch, knowing ahead what are going to be the priorities, can estimate where work opportunities will be decreased because of the lack of raw materials. We then try to direct orders to those plants so they can utilize the facilities in their plants; the Labor Relations Branch; and the United States Civil Service Commission.

All these groups meet to determine a policy. These directions go to Washington and directly to the various regions.

In each of the regions there are 12 sections—the country is divided into 12 sections. In each one all these branches of Government are coordinated so that if a contract is referred to us and we find we need so many more thousands of people, through the Employment Service here we have the survey of available labor. Directions are given how many to train, what to train them for and where to get them from—within the vicinity where the contract is let.

We now have coordination and direction from the Labor Supply Division, of finding the people, transferring them if necessary, from nondefense industries to defense industries, giving them either pre-employment training, or giving them refresher courses, utilizing all our agencies, including labor organizations, chambers of commerce, national manufacturers associations. All the effort is directed to finding the proper labor for the task assigned.

METHOD OF CHOOSING LABOR REPRESENTATIVES

Mr. Sparkman. How are the labor representatives in each industry chosen?

Mr. Hillman. Associated with me in the Labor Division of the O. P. M. is a committee representing all of the major labor groups—the American Federation of Labor, the C. I. O., and the Railroad Brotherhoods. There are 16 of them and I will leave their names for the record. They are the top men from all these organizations. First we met once a week and now we meet every 2 weeks or subject to call, because most of the policies have been agreed to. That is the policy-making organization for labor. The same kind of thing goes right down into the field in every region.

(The list was later submitted by the Office of Production Management, and accepted for the record as Exhibit H. The committee, known as the Labor Policy Advisory Committee, of the Labor Division of the Office of Production Management, consists of the following:)

EXHIBIT H.—MEMBERSHIP OF LABOR POLICY ADVISORY COMMITTEE

Harry C. Bates, president, Bricklayers, Masons, and Plasters International Union of America.

Van A. Bittner, United Mine Workers of America.

H. W. Brown, international president, International Association of Machinists.

John P. Coyne, president, Building and Construction, Trades Department, American Federation of Labor.

S. H. Dalyrmple, president, United Rubber Workers, Akron.

Clinton Golden, regional director, Northeastern Region, Steel Workers Organizing Committee, Pittsburgh.

Allen S. Haywood, director of organization, Congress of Industrial Organizations, New York.

Samuel J. Hogan, president, National Marine Engineers Beneficial Association Washington.

A. Johnston, grand chief engineer, Brotherhood of Locomotive Engineers.

George Q. Lynch, general president, Pattern Makers League of North America.

A. E. Lyon, grand president, Brotherhood of Railroad Signalmen of America, Chicago.

Charles J. MacGowan, vice-president, International Brotherhood of Boiler Makers, Iron Shipbuilders, Welders and Helpers of America, Chicago.

George Masterton, general president, United Association of Journeymen Plumbers and Steamfitters.

Emil Rieve, president, Textile Workers Union of America, New York.

R. J. Thomas, president, United Automobile Workers of America, Detroit.

D. W. Tracy, formerly president International Brotherhood of Electrical Workers, now Second Assistant Secretary of Labor.

TESTIMONY OF SIDNEY HILLMAN—Resumed

Mr. HILLMAN. There are advisers in each region from the American Federation of Labor, the C. I. O., and the railroad brotherhoods. They work in an advisory capacity if they have a particular situation in a city like Philadelphia or Chicago or New York.

We have a central group representing the A. F. of L., the C. I. O., and the brotherhoods that functions so far as labor supply in defense. I can tell you there is a united labor movement, cooperating with our defense effort.

Mr. SPARKMAN. But the final choice is yours—they act only in an advisory capacity?

Mr. HILLMAN. They act in an advisory capacity. We ask the local people to submit names. Of course we hold all the time that it is our responsibility, but of course we always designate the people who are recommended because they are in a better position to know who can give us the best advice.

PLANS FOR HANDLING LABOR PRIORITIES

Mr. SPARKMAN. What plans have been made for handling labor priorities?

Mr. HILLMAN. These are the plans.

Mr. SPARKMAN. It is for that purpose?

Mr. HILLMAN. For that purpose; yes. The President advised O. P. M. 6 or 8 weeks ago that he wants the responsibility for that whole placement put directly on the O. P. M.—in the Labor Division—and therefore we have the machinery which reaches out into every community; reaches out into every Government agency; into labor and management. Therefore we can easily face that situation and make the best arrangements.

We feel that we have that organization stepped up to all the needs and requirements. Of course priorities need much more than that. They are going to have more of them.

ALUMINUM SHORTAGE AS ILLUSTRATION

Let me state two situations that I am handling just now, to give you the problem we have because of the shortage of aluminum. Of course the manufacture of cooking equipment has been definitely curtailed because of the lack of raw materials.

Well, we had a conference in our place between management and labor and usually we had also the mayors of the communities. Of course they have an interest. Then there was someone from the O. P. M., not merely the Labor Division, but someone from the production end who met in conference with them.

In this case industry and labor have agreed they will give us two of their top engineers. They will work out something next Thursday or Wednesday—they are coming into Washington again—and we will try to find out what contracts that particular industry can adujst itself to for defense.

When we are given that recommendation we will work with the services—the Army or Navy or Maritime Commission—and try to get contracts for them, so we can place more work for defense and replace the work that they are losing because of priorities.

Mr. SPARKMAN. Now, let me ask you with reference to the one you just mentioned, priorities in aluminum. How many nondefense workers have been thrown out of employment as a result of that?

Mr. HILLMAN. Well, I could not give you the exact number, but I will say, Congressman, unless we make proper provisions for it there will be entirely too many to feel comfortable about it.

Mr. SPARKMAN. That is true of aluminum and will be true of other industries?

Mr. HILLMAN. Yes. I received a letter which I cannot read—it is marked "confidential" by the President, addressed to me July 9, to ask me to give special attention to it.

I am now organizing a committee under Douglas Brown, who comes from Princeton University, and every Government agency will be represented. We are trying to work out some way to anticipate these problems and get a distribution of the defense load so that we can bring in contracts before they run out of raw materials—if that is at all possible—on their orders for consumer goods.

NUMBERS SHIFTING FROM NONDEFENSE TO DEFENSE

Mr. SPARKMAN. How many workers does your office expect to shift within the next year from nondefense to defense work?

Mr. HILLMAN. It depends completely on how successful we will be in it, and I hope we will be very successful. I hope so because I know we have the cooperation of the services—I mean the Army and Navy and Maritime Commission.

The more we can direct Government contracts to the places that lose employment because of priorities, the less we will need shifting from nondefense industries into defense industries.

Where we are not successful, of course, we will have to transfer them and retain them for additional use. Of course there will be considerable grief going on with that, because we just can't do it overnight.

Mr. Sparkman. Do you believe that this shifting can remain on a voluntary basis?

Mr. Hillman. I believe so. So far, Mr. Congressman, we have done it on a voluntary basis and it has been working very successfully, and I propose to go about it on a voluntary basis. We will ask the employers to think of guaranteeing the worker his place back when the emergency is over, with whatever seniority rights attach to it, and ask the workers to go and take employment in a defense industry or in a defense job. We are quite sure that we will get the cooperation both from the employers and labor.

Now, of course, if we fail to have that, of course we will have to lay out new policies, but so far we depend completely on cooperation.

WAGE LEVELS IN FOUR SHIPBUILDING ZONES

Mr. Sparkman. You gave us a very interesting statement about your Shipbuilding Stabilization Committee. Are the wage levels the same in all four zones?

Mr. Hillman. No; but they are the same in the individual zones.

Mr. Sparkman. Within each individual zone?

Mr. Hillman. In each individual zone. In other words, we are trying to equalize it so their pay is the same in the same zone—for instance, Seattle as well as San Francisco, where we have got similar wages so that people will not move just because they can get 2 cents more; and of course, the equalization, as you gentlemen realize, was upward and not downward.

We are dealing in a tight market, but we feel now we have got the whole shipbuilding industry covered and have got to the place where workers know they work on a basis of equality.

Mr. Sparkman. And you feel that will cut down migration?

Mr. Hillman. Yes. It has cut it down already. It has given us stability. So much so that we want to spread it to other industries where it is applicable. The shipbuilding industry, in a sense, was our guinea pig. We had two organizations, as you know, the A. F. of L. and the C. I. O. fairly evenly divided—I am not quoting percentages—but we put them together and they have worked cooperatively all the way through.

They were all represented. There was no friction between the representatives. We had the representatives of the industry—five of them, elected by their groups in a conference held for that purpose—and the representatives of the Navy and the Army and the Maritime Commission, under the auspices of the O. P. M. After they had gone through with considerable discussion we found that we have a splendid pattern. It should assure us continuity of production and, because of that—the greater efficiency and no strikes and no lock-outs and proper provisions for adjudication of any complaints that may arise—the services are so well satisfied that they are anxious to see us spread it to other industries, if that is at all feasible.

Mr. Sparkman. You doubtless are familiar with the Shipbuilding Labor Adjustment Board of the first World War?

Mr. Hillman. Yes, sir.

Mr. Sparkman. After which, I take it, the Shipbuilding Stabilization Committee is probably patterned. At that time, though, even after the rates were made uniform throughout the country, migration from area to area still took place as a result of the differences in rents and other causes that may have come up.

Mr. Hillman. Of course we are trying to avoid the mistakes of the last war.

Mr. Sparkman. I am speaking of the housing program.

PROVISION FOR HOUSING INSUFFICIENT

Mr. Hillman. The housing situation, of course, is one of the things that are more and more pressing. Of course, gentlemen, we depend completely upon what provisions Congress will make for us in providing housing for defense.

Now, this is in the spirit of social reform, if that is desirable, but we can't get efficiency unless people get proper housing; we can't hold the wage scales if rents shoot up way out of reach and therefore ample provision for housing for national defense is absolutely essential. It is no saving if we are sparing money in providing housing for defense.

Mr. Sparkman. Are you satisfied with the provision made for houses?

Mr. Hillman. It is not sufficient. I don't think we have done enough. I think it is more and more apparent right now that our housing situation is one of the things we are short of.

Mr. Sparkman. Has it created any difficulties for your Division in obtaining the necessary labor supply?

Mr. Hillman. A great deal.

Mr. Sparkman. For industries?

Mr. Hillman. A great deal. We can't expect people to live in places where four or five people have to get in two rooms or live in something like barracks—and haven't even got the barracks. We can't expect them to do that. It isn't fair to do it. It is socially undesirable and it interferes with the defense program. We can't get good work out unless we give them proper environment.

Mr. Sparkman. Some manufacturers have testified before the committee concerning the housing difficulties of their workers. Some of them have told us that private builders cannot build the houses profitably within the rent range that defense workers can afford to pay. I wonder what your idea is about that.

Mr. Hillman. I think there is a great deal to that. This Government is going to spend a great deal of money, must spend it for the defense effort. Now, housing should be charged as a proper cost of the defense effort. If we are going to raise rents we will have to provide the additional wage scales to take care of it.

I prefer what we have just done—we have stabilized labor costs through collective bargaining, through agreements. Now the thing that is disturbing us, of course, is the unjustified rise in the cost of living, and you gentlemen know that rent is one of the major items and therefore we are being penny-wise and pound-foolish when we do not make proper provision for housing.

EFFECT OF FROZEN WAGE STRUCTURE

Mr. SPARKMAN. Let me ask you another question about your shipbuilding stabilization work. It has been charged, I believe, that the effect of that is to freeze wages at a time when rents and food prices are rapidly rising. Those critics argue that such freezing is against the interests of labor. What is the answer of your office to that?

Mr. HILLMAN. Gentlemen, of course, all we have done in the shipbuilding industry is what we are trying to do through every collective-bargaining agreement—what was done in the steel industry and in the automobile industry. Fortunately for the country we have stabilized wages, although only for a term of a year or so. In any labor contract these things are agreed to for a term of a year or two and in that sense you are freezing wages.

Of course you gentlemen can "unfreeze" it, if we don't do something about not permitting the general cost of living to get out of reach.

Now, that, gentlemen, is again your problem and I believe we all ought to keep away from inflation if we possibly can.

I am going out of my field, but, gentlemen, if we get into inflation, of course, all that we are doing will have to be kept on being revised. But if we can get stability we will get the utmost for our defense effort.

STABILIZATION COMMITTEE FOR AIRCRAFT

Mr. SPARKMAN. You mentioned in your paper the creation of a stabilization committee for the aircraft industry also.

Mr. HILLMAN. We are just exploring it now. We are starting it, not in a full way, on the Pacific coast.

Mr. SPARKMAN. For what other industries or to what extent does your office contemplate stabilizing industries?

Mr. HILLMAN. I think we have reached an agreement on construction, which is one of the major things. Practically all the Government agencies—five agencies—and the labor groups affected by that have met and, surprisingly, in less than 3 weeks' work, have come to a tentative agreement which I expect will be ratified in the next 10 days. So we have these major things—construction, shipbuilding, and if we can get aircraft—and that is where we would like to make sure we have a Nation-wide sense of stability.

Of course the collective bargaining through the steel industry, through their organizations have, in their own way, brought that stabilization.

Mr. SPARKMAN. Mr. Chairman, that is all that I care to ask.

The CHAIRMAN. Mr. Curtis?

PREVENTION OF PRICE RISES

Mr. CURTIS. Mr. Hillman, you suggested that it was the problem of Congress to prevent a general rise in prices. How do you propose that we could do that?

Mr. HILLMAN. I suppose Mr. Henderson, and others who are working on it, will in the proper time bring it to you. Far be it from me to——

Mr. CURTIS. I am glad you have confidence in him.

Mr. HILLMAN. You gentlemen will have the opportunity to discuss it. Certainly I am not authorized to speak for the administration on that, but I am simply pointing to stabilization on the general propositions as necessary if we are not going to get the migration and chaos that comes from inflation. As to how to do it, I am sure people who have that responsibility will speak before your congressional committees.

Mr. CURTIS. We visited one section of New Jersey that annually produces about 22,000,000 cans of tomatoes for ordinary sales. The Government came in and bought, for the Army and the Navy, 17,000,000 cans of those tomatoes. Now, when these 22,000,000 customers start to bid on the 5,000,000 cans of tomatoes the price is going up, isn't it?

Mr. HILLMAN. Not that I am shirking in answering you, but Mr. Donald Nelson will appear before this committee—or his representatives will—and it is right in his alley—he is responsible for purchasing. But I will say this to you, in general, I think the answer to it is to get more tomatoes, and I think we can get them.

Mr. CURTIS. I am in favor of that. I have always been against the doctrine of scarcity.

DECENTRALIZATION OF DEFENSE INDUSTRY

Do you favor if at all possible, decentralization of defense activities?

Mr. HILLMAN. The Labor Division as far back as July or August last year submitted to the Defense Commission that, from the point of view of labor supply, we wanted to utilize facilities everywhere—labor everywhere. Let me read to you the general principles covering the letting of defense contracts.

Mr. CURTIS. Is that a long statement?

Mr. HILLMAN. No; just a short piece:

> Orders should be placed in such a manner as to insure the most efficient use of each particular facility from the point of view of the problem as a whole; that proper consideration should be given to contributory industries, such as the machine-tool industry, to avoid creating underlying bottlenecks, and undue geographic concentration of orders should be avoided, both as to procurement districts and as to industrial sections within any such procurement district. Reasons for such decentralization relate to factors of military strategy, as well as avoiding congestion that will slow down production.

Mr. CURTIS. Do you favor placing of defense activities where possible in agricultural areas to use the surplus labor supply there?

Mr. HILLMAN. We do. We put in Wichita, Kans., big plants for bombers, and, of course, will have to draw a great deal on agricultural labor and we are drawing on it.

Mr. CURTIS. They had an existing plant there?

Mr. HILLMAN. No; they were new plants.

Mr. CURTIS. But Wichita has been one of our important airplane manufacturing cities; has it not?

Mr. HILLMAN. Just lately; they were small before that.

SHOULD CONDITION OF WORKERS BE SUBORDINATED TO DEFENSE RUSH?

Mr. CURTIS. Now, I have one more question: If an attempt in a defense plant to improve the condition of the workers as to wages, hours, or closed shop means an immediate slow-up of defense production, do you believe that an attempt for improvement should be made or should it be deferred until after we are adequately prepared?

Mr. HILLMAN. Gentlemen, these matters, if they are basically right, will not slow up production. My judgment is, if you defer it you slow up production. You need a labor force to feel that whatever is fair—I say "fair"—will be given proper consideration. In that field we have increased the conciliation staff of the Labor Department. We have put in O. P. M. machinery as well lately with the Aviation Board, but anyone who suggests deferring things that are fair and feasible is not working for speeding up defense.

Mr. CURTIS. Your answer would be then that even though it means a slow-up of defense production that it should be done?

Mr. HILLMAN. I am saying, Congressman, from my experience of 30 years in labor relations that you get greater productivity when we have increasing wages.

I am satisfied the next 6 months will show very little additional cost to the Government, if any, because satisfied labor will give greater production.

Mr. CURTIS. But suppose this attempt means a closing of the plants and there is no production, you still think it is advisable?

Mr. HILLMAN. Pardon me; we are trying all we can to stop these interruptions, but if you go into the totalitarian system of prohibiting strikes and prohibiting interruptions, you have to prepare to take the consequences which, in my judgment, taking out the ethics of it, is contrary to the system of government we want. That would also slow up production. You must accept a few things as a natural situation.

Of course we try to minimize it. We try to bring it down to the minimum and we have been fairly successful in bringing it to a very, very minimum—this interruption of work.

Gentlemen, this thing has been given a much greater importance from the point of view of national-defense program than it calls for, but we are doing all we can to minimize it—to bring it to a minimum—to bring it, if possible, to zero, but we do not propose to cure it by the kind of a cure that is worse than the disease.

My judgment, gentlemen, is that we today are doing better in production than, in similar situation, the totalitarian governments have done. My judgment is that we can attain and we are attaining and we are going to attain greater production, much more than even the optimists had hoped for.

It took time for tooling. It has to. You can't start in production before you tool up for it, but it is my firm conviction that you can get greater production through a cooperative labor group and a cooperative management group, than through the totalitarian system. Where that system breaks down, it is because it has lost that spirit of cooperation.

STRIKES ON THE CLOSED-SHOP ISSUE

Mr. CURTIS. Would your answer be the same in reference to a strike that did not involve wages and hours but involved a closed shop?

Mr. HILLMAN. I would say to you, Congressman, every time there is a difference there ought to be a place for them to straighten out the differences and they are doing it in 99 percent of the cases. The record of that stoppage is that it is of very short duration. I don't know, Congressman, of any system where you can keep the democratic method and at the same time apply complete coercion, and even though we may have a few incidents, I would say that we should still hold to the democratic way of doing it, because it is the best way for production as well as for a way of living. I see that from past experience and especially from my experience of this year in the national-defense program, definitely charged with responsibility in the labor field.

Mr. CURTIS. Would you then oppose the drafting of men into the Army?

Mr. HILLMAN. How is that?

Mr. CURTIS. Would you then oppose drafting of men into the Army?

Mr. HILLMAN. Oh, no, no; not at all. We all have to carry that responsibility, to defend the Nation and it ought to be done on a basis where everyone is doing it, of course.

Mr. CURTIS. That is all.

The CHAIRMAN. Mr. Osmers?

NUMBERS INVOLVED IN WORK STOPPAGES

Mr. OSMERS. Mr. Hillman, at the present time how many, approximately, are involved in work stoppages throughout the country—in round numbers?

Mr. HILLMAN. I haven't got the figures. It changes from day to day. I would say, as far as the national-defense program is concerned, I don't believe the number is 10,000—probably 8,000.

Mr. OSMERS. The question I was leading up to there was this: Do you think that there is indicated in the labor situation any further need for legislation by Congress?

Mr. HILLMAN. Gentlemen, I have testified time and again, even during heated times, that there is no such need at this time—that it would be unfortunate if a time comes when there would be need for it.

The labor situation now, I am happy to say, proves my contention—we do not have today a single strike, that I know of, that is troubling us.

Mr. OSMERS. Don't you feel, Mr. Hillman, that it would be a tragedy for us to take away from labor its legitimate right to strike?

Mr. HILLMAN. I think it would be wrong from all our traditions and I think further than that, that it would slow up defense instead of increasing its speed.

STABILITY OF WAGES AND PRICES

Mr. OSMERS. Now, changing the thought for a minute. I was tremendously interested in what you said about stability, because if we have a problem ahead of us, particularly during the next year as everything expands, we have the problem of stability—stability of labor—and this committee is concerned with that stability with respect to wages and, of course, prices.

Mr. HILLMAN. That is right.

Mr. OSMERS. Now, I realize that you are not here to testify on price fixing, if and how, but you did make some remarks which to me seem contradictory and I would like to clarify that point in my own mind.

You expressed the view that because of higher wages we were going to increase production over the next 6 months to quite a marked degree, in your opinion. You realize, of course, that those increased wages are a part, probably a very basic part, of the beginning of the spiral.

Mr. Hillman. Well, Congressman, of course, I have given that consideration and thought and study for years—for at least a couple of decades and there is no final answer to that.

Mr. Osmers. I appreciate the theory——

Mr. Hillman. Just a minute. I may say that you can get everything to an absurd proposition. Of course you can raise wages where it must be reflected in costs—and I am not going to give an expert point of view on what has happened until now—but I would say it is reasonable to expect that the increase of production that is taking place, that in most cases industry can absorb the increases right now, because of the reduction in overhead.

You remember that labor cost is only a part of the cost that goes into final production and if an industry, whether it is steel or automobiles or textiles, can increase its 50 percent production to 75 or 80 percent the reduction in the general costs more than make up for the increase in wages. We are now going into figures of 100 percent and more—maybe to 150 percent.

I do not accept the position that the increases that have taken place up to date should disturb, in any appreciable degree, living costs to those working in major industries.

WAGE IMPROVEMENT IN CALIFORNIA

Mr. Osmers. Now you see you run into some subsidiary things there. You go into a State like California—and you create a large aircraft industry right out of the air, you bring thousands of men into that State, you pay attractive wages.

Mr. Hillman. Yes, sir; although we haven't paid them attractive wages as yet.

Mr. Osmers. Not particularly, but they are attractive compared to what the vegetable pickers are getting in the Imperial Valley.

Mr. Hillman. That is right.

Mr. Osmers. Now, carrying on through, you take the men out of the fields in California.

Mr. Hillman. That is right.

Mr. Osmers. And even if they are only paying $20 a week in the aircraft industry that looks pretty good to a man who has been working only 2 or 3 months a year.

Mr. Hillman. Very well.

Mr. Osmers. And what happens to your agricultural economy and your food costs?

Mr. Hillman. Well, I hate to be one of these experts, because I always think of the experts before the twenties, in the early twenties and then in the thirties.

Mr. Osmers. We have been "experted" to death.

Mr. Hillman. I am not testifying as an expert. I will say to you, Congressman, that in the over-all situation we will be better off if those sectors of labor, whether in agricultural situations or otherwise, are raised up to a decent standard of living, and that if something has to be paid in that regard it is more than worth it because you wouldn't have to pay it in relief and W. P. A. That is purely cold-blooded economics, financial economics, but after all there is more than that. We want a situation where all Americans will be able to enjoy a decent standard of living.

Fortunately for us the country can afford it and I don't like to see a skilled laborer taking advantage in buying the food because of underpaid people in that area—but that is completely out of my field.

Mr. OSMERS. I am sure that this committee, after its experience in California and elsewhere, particularly in depressed agricultural areas, agrees with the contention that one of the great tasks before this country as a whole is to raise the level of the living of our agricultural workers.

Mr. HILLMAN. Now, gentlemen, we can do that. Right now we are doing it through the defense program and we are at the same time helping national defense. That is the reassuring thing that we are doing right now, it is all helping the defense program—all speeding up production.

APPARENT ECONOMIC STABILITY IN GERMANY

Mr. OSMERS. There is something that has occurred to my mind, Mr. Hillman, and I have asked several witnesses about it. Possibly you may know nothing at all about it, but how does Hitler produce the apparent economic stability that he does in Germany?

Mr. HILLMAN. Well, I would say that, while I don't know the inside lately, I do not think there is anything about Hitler which should raise any question that he is doing more than we could do if given the time.

Mr. OSMERS. I am not raising that question.

Mr. HILLMAN. He wanted stability by using slave labor. Now, we don't want that—and it won't last there for very long, because slave labor has not lasted any place. History records that. The people under Hitler are temporarily in slavery but they will not stay in slavery forever. Of course you can do that as long as you have the physical power to do it and as long as a country is willing to stand for it, but there is nothing that I have seen that would call for us to imitate it. They have done everything by coercion. What we are doing is through the process of cooperation.

I do not agree with those who believe that Mr. Hitler has invented some new ideas. He has just gone back to the dark ages and is using all the implements of torture with the new refinements—bombing and with all these other things. Germany and the subjugated countries have to accept it, but it won't last much longer.

Mr. OSMERS. It is your understanding then—and I gather this from your statement—that inside Germany and of course inside the territories under Germany's control, they follow an absolutely fixed economy—an economy that is fixed as to wages and fixed as to location of work, hours, pay, and everything else, and there is absolutely no leeway, no liberty whatsoever; that the price of butter is fixed at so many marks a pound, and when the butter is gone that is the end of it, and if you don't get it, then you don't get any butter.

Mr. HILLMAN. That is all fixed, the way they can think or walk or travel or anything else.

Mr. OSMERS. In other words a worker cannot move from one place to another?

Mr. HILLMAN. Not unless specially permitted.

SHIPYARD STABILIZATION AGREEMENTS

Mr. Osmers. Now, I want to ask a question about the shipyard stabilization agreements. Is it true that those agreements have been signed?

Mr. Hillman. Most of them.

Mr. Osmers. Have those agreements raised wages in certain plants?

Mr. Hillman. All the increases have been agreed to in conferences that took place with the representatives of labor and industry. Government was just sitting there to see what was done.

Mr. Osmers. Was that done without coercion or otherwise?

Mr. Hillman. It was done through the process of collective bargaining.

Mr. Osmers. Did these agreements raise wages in certain shipyards?

Mr. Hillman. Oh, yes; obviously.

Mr. Osmers. They were not gained by strikes or anything else—they were negotiated?

Mr. Hillman. In my opinion it was the finest demonstration of collective bargaining, nationally, that I ever saw, where the needs of labor were straightened out around the conference table.

Mr. Osmers. I agree with you.

Mr. Hilman. And that is what has been done.

Mr. Osmers. And I hope that you are successful in extending that same principle to the aircraft industry, and I think you will be.

Mr. Hillman. I hope we will be.

PREPARATIONS FOR POST-EMERGENCY LET-DOWN

Mr. Osmers. Now, is your office or is any office of the Government making plans at this time for the let-down that is bound to come when this emergency and this war is over?

Mr. Hillman. Well, I would say that is not the responsibility of our office. I am quite sure others are giving attention to it. As a matter of fact, I am quite sure they are and all that I hope for is that what we are doing right now—the better cooperation that is going on in the country—may help in building a mechanism to carry it through. It would be most disastrous to the Nation and to civilization if it doesn't do it, and I think we will.

Mr. Osmers. I would like, if you will, to be just a little more specific about your statement that you are quite sure others are studying the problem.

Mr. Hillman. I think the President has charged other people with the responsibility of doing that.

Mr. Osmers. You don't know what people or organization?

Mr. Hillman. I wouldn't say.

Mr. Osmers. Because every witness, and particularly witnesses of a capacity such as yours, has seen immediately the need for such planning and the desirability of working out some possible emergency plans; but when I get down to the specifics of the situation, they are always quite sure something is being done but nobody is quite sure just what and where.

Mr. Hillman. I would say we are doing the major job right now in industry. Labor and Government are cooperating during this emergency and doing it successfully. I think the future will show how successful we are and that we will be able to cope with all our problems, if the "timetable" abroad will permit us to do so. I believe the same mechanism we are using now, with the same support back of us, will take care of our situation then.

I see no reason why we cannot keep all the people employed on the kind of things that the country needs after this emergency.

Mr. OSMERS. You mean on consumer goods?

Mr. HILLMAN. On consumer goods, of raising the standards of life, of giving everybody security. I have always believed that it can be done and that the only way you can do it is through the democratic process. And I believe you know that a great deal will depend on Congress—what you gentlemen want us to do.

Mr. OSMERS. You believe that it will be possible to convert the war economy, if we want to call it that, that we are now engaged in, that we will be able to convert that into a peacetime economy?

Mr. HILLMAN. Gentlemen, I have testified here and, of course, I couldn't make our plans clear in the allotted time. We are trying, first of all—and I hope we will be successful in some degree—not to disturb our economy right now too much. We are putting defense orders into the same plants where we make automobiles, so that this same plant, with its management and its labor, can just proceed on a backlog of orders for automobiles and refrigerators and other things after this present emergency ends.

Now, gentlemen, I know that we have never supplied even half of the demands of great numbers of people, of what they would like to have and, frankly, what they are entitled to have. With the resources that we have we can do it, if we just have the will to do it and the country is back of it. Nothing can be done unless the country is back of it. I am not disturbed about that. It can be done, and I hope it will be done.

Mr. OSMERS. That is all, Mr. Chairman.

The CHAIRMAN. Congressman Arnold?

EFFECT OF PROPOSED LEGISLATION ON STRIKES

Mr. ARNOLD. Mr. Hillman, just a few short questions on a subject that I consider you an expert in.

You spoke of the rather satisfactory condition of the strike conditions in defense plants at the present time.

Mr. HILLMAN. That is right.

Mr. ARNOLD. Could the legislation that has been pending in Congress for the past month or so have had any effect on that situation?

Mr. HILLMAN. That is a matter of one's guess. One person's guess is as good as another, Congressman. I have advocated consistently that we do not go in for coercive measures. I have a great faith in the great mass of people, labor as well as others, and I believe that we ought to approach this problem on the basis of saying: "Gentlemen, we are preparing to defend the things that are of the utmost importance to every American, to every worker and we want your cooperation."

I think we can get more that way and therefore I have consistently opposed some of the measures you have mentioned, because I think it would interfere with national defense. I do not believe that the fear of legislation has done it, gentlemen. You are dealing with millions and millions of individuals. What is giving us that better situation is the greater appreciation all the time by American labor of what is at stake. They know that when they work on defense work they are working for the country and defending themselves and the larger values that we are all working for.

DOES NOT EXPECT MORE STRIKES

Mr. ARNOLD. A member of the Military Affairs Committee, who is very much interested in some of the provisions that were eliminated from the bill last week, expressed to me yesterday his opinion that labor would break loose now and we would see more strikes than we have seen in the past.

Mr. HILLMAN. I differ with him completely. I believe labor is wholeheartedly back of the defense program and I believe that the policies that this administration followed of helping labor achieve its proper objectives—proper, not improper objectives—without interruption of work is giving greater confidence to the great masses of people that this defense program is not in the interest of a few—that it is in the interest of the entire Nation and that we have a right to ask of them their utmost cooperation.

Mr. ARNOLD. Well, I want to say that I know some great work has been done by your organization and by the President in settling defense strikes.

DECLARES COMMUNIST INFLUENCE INSIGNIFICANT

Would the fact that Russia is now engaged in war with Germany help the labor situation?

Mr. HILLMAN. Congressman, although I have heard so much of that, I really believe it is insignificant, one way or the other. You must always have faith in the American laboring man. I have seen them for 30 years from the inside and 99 percent and the majority of the other 1 percent are just good Americans, not interested in any alienisms and never were.

Mr. ARNOLD. But a good many people and some Members of Congress, have thought that the communistic element was more in sympathy with the ideals of Russia and its teachings than those of America.

Mr. HILLMAN. But their numbers are so few and their influence is so insignificant, and in any individual places where they had significance we were completely able to cope with it and we have coped with it in one or two situations. There has never been a major disturbance because of them. Personally, I am more disturbed about following the policy of not doing what is fair with the people of the country, whether it is labor or management or the average man. They have a right to expect us to follow a policy of fairness in our defense program and not work for one group or another group or give any group any advantage.

Mr. ARNOLD. You look forward with confidence to the full cooperation of labor?

Mr. HILLMAN. If we keep on with a proper policy and if, all the blame is not charged to labor. There are, unfortunately, a few—but entirely too many—who are trying in different ways to discourage the defense program. Of course, they influence part of labor and they must accept the responsibility more than the small groups we we are talking about. People are telling the country at large that the defense effort is uncalled for, unjustified.

Well, of course, that must have some effect on some Americans, who happen to be part of labor, but even that, I am satisfied, is nothing really to be disturbed about.

Mr. ARNOLD. You would think some of those elements that are speaking over the radio today were in the employ of Hitler, wouldn't you?

Mr. HILLMAN. I am not saying that but I say they have to accept full responsibility for what follows from it.

Mr. ARNOLD. That is all.

COERCION DOESN'T WORK

The CHAIRMAN. As I get your idea about strike legislation, Mr. Hillman, we are liable to think in terms of the perfect picture. That is, if we pass strike legislation everything will be 100 percent perfect. France tried that with her edicts and found it didn't work. Isn't that true?

Mr. HILLMAN. Anyone who has tried that found it didn't work. I do not know the number of people in concentration camps in Germany, but probably there are more people in those concentration camps than have participated in strikes. They have their way of doing it. Assume there is a strike there, in a couple of days the strikers are in a concentration camp and not back at work.

The CHAIRMAN. But Mr. Hillman, England never tried it and Canada did try it and they had illegal strikes, isn't that true?

Mr. HILLMAN. I would prefer not to discuss that at this time. It is my considered judgment that we, here in this country, with the labor that we have and the general feeling in the country, and the policies that we have been guided by in the past, are going to get and we are getting most of our efficiency in production by labor through following a policy of cooperation that will enlist its support. It is not a question of—"Well, we better do it or something will happen to us"—not happen to us merely as workers, but happen to all of us.

The CHAIRMAN. Thank you very much, Mr. Hillman.

Our next witness is Mr. Robert L. Mehornay.

TESTIMONY OF ROBERT L. MEHORNAY, CHIEF OF THE DEFENSE CONTRACT SERVICE, PRODUCTION DIVISION, OFFICE OF PRODUCTION MANAGEMENT, WASHINGTON, D. C.

The CHAIRMAN. Mr. Mehornay, Congressman Arnold will interrogate you.

Mr. ARNOLD. Mr. Mehornay, will you please state your name and official position?

Mr. MEHORNAY. Robert L. Mehornay, Chief of the Defense Contract Service, Production Division, Office of Production Management.

VOLUME OF SUBCONTRACTING

Mr. ARNOLD. Mr. Mehornay, how much subcontracting is being done at the present time?

Mr. MEHORNAY. Our best records at this time apply to subcontracts under primary contracts in excess of $10,000. We do not go below that figure in our records.

At the present time there are approximately 18,000 prime contracts over that amount and by the priority extension records, which are kept, there are 366,000 subcontracts and sub-subcontracts applying to those 18,000.

Mr. ARNOLD. What method is the O. P. M. using to check up on the quantity of subcontracts?

Mr. MEHORNAY. We are using four methods now. The figures which I have just given you come from the Army and Navy Munitions Board where application for extensions of priorities are reported. In addition to that we follow very closely the spot checking of the Ordnance Department because of the very complete records which they keep, and that sample checking of their orders shows 22,000 subcontracts applying to 1,450 prime contracts.

We also through our own research and statistics department have a continuing check by direct inquiry to the prime contractors. I have only a percentage report on that and not the figures, but it shows as of this time that 25 percent, by dollar volume, is being subcontracted. The other figures were all applicable to number of contracts.

Mr. ARNOLD. Subcontractors file with the O. P. M. for priority rating. Do you make any studies from these records of the extent of subcontracting?

Mr. MEHORNAY. Mr. Congressman, they do not file with O. P. M.; they file with the Army and Navy Munitions Board where the granting of priorities based on the prime contractor's priority is authorized and is recorded, and that was the figure which I used in the first instance.

We do not keep priority records for subcontractors—we do for prime contractors.

COMPULSORY SUBCONTRACTING IN ENGLAND

Mr. ARNOLD. What do you think of compulsory subcontracting such as is required in England?

Mr. MEHORNAY. I do not think it is necessary for us to go to all-out compulsory subcontracting. I have the theory that we should take all of our bids on a modified executive basis, holding them open for negotiation, then the apparently successful bidder or the group of acceptable bidders, as to the price and their ability to produce, should be brought in and through negotiation the amount of subcontracting, the purpose of the subcontracting, the speed and the spreading possibly through that subcontracting, should be determined and be given heavy weight in influencing the letting of that contract. Then that agreed amount by items to be used, to be contracted, or the option to be performed, should be written into the contract.

In other words it should be a negotiated portion of the contract and not predetermined in the bid called.

Mr. ARNOLD. Are you satisfied with the amount of subcontracting that is being done today?

Mr. MEHORNAY. No, sir.

Mr. ARNOLD. It has been suggested that the big prime contractors are waiting for priorities to squeeze the small producer into taking subcontracts on a cost-of-production basis. Does this coincide with your knowledge of the present situation?

Mr. MEHORNAY. No, sir; I have no knowledge that would indicate that that is true. Rather to the contrary. Our continuous checks with the prime contractors disclose none who flatly refuse to do subcontracting. There are many who can explain to you why it is not possible or practical for them to do it, but none who flatly refuse.

Mr. ARNOLD. Are most of the present subcontracts in the hands of present prime contractors?

Mr. MEHORNAY. I am not clear, Mr. Congressman, as to the intent of that question.

Mr. ARNOLD. Are prime contractors subcontracting to other prime contractors—is most of it in that direction?

Mr. MEHORNAY. It would be only an observation on my part. It is so mixed that it would be merely an observation. No records are kept. Many of our most important prime contractors are at the same time subcontractors to other prime contractors. The condition is readily admitted and is very voluminous but we do not have the percentage or the ratio.

DISTANCE PENALIZES SUBCONTRACTING

Mr. ARNOLD. Will subcontracting really spread the defense work throughout the Nation or will it intensify the present concentration of contracts, in your opinion? It has been hoped that it would spread it out, but will it really do that or will it intensify the present concentration?

Mr. MEHORNAY. It will not spread it out and will leave the concentration normal until the load becomes sufficient to necessitate its moving out further and further from the prime contractor. Naturally a man is going to do business with point closest to him, all other things being equal. If we could eliminate that distance penalty that the far-off subcontractor must pay in his freight differential from him to the prime contractor, we would have removed one of the big obstacles to spreading the subcontracts further away from the prime contracting base.

Mr. ARNOLD. That is all, Mr. Chairman.

The CHAIRMAN. Thank you very much, Mr. Mehornay. You have given us some very valuable information to include in our report to Congress.

The committee will stand adjourned until 2 o'clock.

(Whereupon, at 12:30 p. m., the committee adjourned until 2 p. m., the same day.)

AFTERNOON SESSION

The committee met at 2 p. m.

The CHAIRMAN. The committee will please come to order.

Our first witness this afternoon is Mr. William Green, president of the American Federation of Labor.

TESTIMONY OF WILLIAM GREEN, PRESIDENT OF THE AMERICAN FEDERATION OF LABOR, WASHINGTON, D. C.

The CHAIRMAN. Mr. Green, we appreciate your coming here to testify before us.

As you know we have been all over the United States, last year investigating the migration of destitute citizens from one State to another and, during this session, the migration of workers on account of our national-defense program.

We are very much interested in this defense migration. I have read your statement very carefully and I think it is going to be a very valuable contribution to this committee.

Congressman Curtis, of Nebraska will ask you a number of questions. I think in that way we will accomplish more than by a reading of your statement at this time. Your entire paper will be made a part of the record.

Mr. GREEN. That will be quite agreeable.

The CHAIRMAN. And following the hearing this week if there is anything further you would like to add to your statement, the record will be kept open for a few days.

Mr. GREEN. In view of your explanation, Mr. Chairman, I wish to report that I have a supplemental statement that I will be glad to include in the record.

The CHAIRMAN. I wish to say this to you, Mr. Green, that this is the first committee in the history of Congress dealing with human interstate commerce. We have had plenty of investigations about iron and coal and steel but never before have we investigated our interstate traffic in human beings.

This is a very important hearing and we are going to report back to Congress on what we find out, so anything you have to add we will be glad to make a part of the record.

Mr. GREEN. Well, I will submit this statement along with my other statement. This statement includes replies from our local organizations scattered throughout the entire United States to a questionnaire we mailed to them asking that they tell us what the situation is in their respective localities. I think you will find it very valuable and very interesting.

(The statement and supplemental material referred to above are as follows:)

STATEMENT BY WILLIAM GREEN, PRESIDENT, AMERICAN FEDERATION OF LABOR

The Part of Organized Labor in Defense Migration

Very early in the development of the defense program it became apparent that, in spite of a stupendous volume of unemployment, local demands for particular types of skills could not always be filled locally. Labor leaders knew that there would be great migrations of workers to new areas, both those directed to particular jobs and those just hoping to find some job. Sometimes the mere announcement that defense funds would be used in some city was enough to start a trek toward that place, long before the work was ready. Sometimes employers have started the migration by indiscriminate advertising for workers. Whatever the cause, labor knew we must face and solve the problem of unnecessary migration as well as the temporary and local shortages for certain skills. The American Federation of Labor is concerned with both these wastes in the defense program. We want them eliminated while our liberty of individual action and our rights as union workers are preserved.

UNION COOPERATION IN SUPPLYING MEN TO JOBS

In the summer of 1940, as soon as we learned that large numbers of skilled workers would be needed for defense construction, international unions affiliated with the building-trades department of the American Federal of Labor made a survey of their affiliated locals to find out the number of unemployed members seeking work and those who would be willing to go to other towns.

To set up within our building-trades department a great defense-employment exchange was not difficult, for our international unions already serve their membership as Nation-wide employment offices. Business agents in local unions normally act as placement agents, referring men to jobs. Therefore we had only to bring information together in central headquarters to establish a clearing house covering the entire Nation.

With this information in hand we were ready to act at once. Calls for skilled craftsmen came urgently for cantonments, for powder plants, for airplane factories, and all the varied types of defense building. Calls to our building-trades department from contractors or from the United States Government were quickly transferred to the international unions and men sent to the job. In Charlestown, Ind., to build the huge du Pont smokeless-powder plant, 23,000 workers were required. Charlestown was a tiny place of 900 inhabitants; there was no nearby source of labor supply sufficient to meet the need. Labor for this job was recruited literally all over the United States by our unions, and sent promptly to the spot. Men came from thousands of miles away. And this entire job of labor recruiting was done by union offices without a cent of expense to the Government or to contractors for the huge task of contacting the men and transporting them to the work.]

LABOR RECRUITMENT ELSEWHERE

Similarly, in Fort Leonard Wood, Mo., where 29,000 men were needed to build the cantonments, labor was recruited within a radius of 200 miles and sent promptly to work. Men came in their cars, bringing a carload of workers with them. The cars then served to transport workers between their lodgings and their work, for often it has been impossible for our members to find lodging within even 25 miles of the jobs, and drives of 40 or 50 miles morning and evening have been the daily lot of very many.

In Jacksonville, Fla., it was necessary for our organizations to send plumbers all the way from New York. In Corpus Christi, Tex., our organizations have supplied over 23,000 construction workers, who transformed a wilderness into the most modern airplane training station in the world, and completed this job 6 weeks ahead of schedule. In Camp Shelby, Miss., we supplied the work force to build what amounts to a small city to house 67,000 soldiers. The following structures were put up: 13,000 tent frames, 414 mess halls, 80 warehouses, 56 administration centers, a laundry, a hospital, 34 post exchanges, 85 miles of water mains, 60 miles of sewer, 65 miles of paved roads. This work was completed ahead of schedule, costing the Government only $20,000,000 compared to the estimates of $22,000,000 for the job. In Fort Belvoir we completed a camp to house 20,000 soldiers in less than 3 months. In Ravenna, Ohio, we are supplying over 12,000 men for the construction of the $14,000,000 Atlas Powder Co. loading and ammunition plant. We drew labor for this job from all over the country, and work is proceeding up to schedule.

In building the cantonments for the United States Army, we have in effect constructed 46 small cities in 6 months' time. These cities house anywhere from 20,000 to more than 60,000 men, and involve the building of living quarters, powerhouses, roadways, stores, hospitals, laundries, mess halls, sewage systems, water-supply lines.

The labor supply for this colossal task has been furnished by the international unions affiliated with our building-trades department, as noted above, without any cost to the Government or to contractors. When an international could not furnish all the men needed, the requirements were filled by cooperation with other internationals. The International Association of Heat and Frost Insulators and Asbestos Workers, for instance, having more calls than they had men to supply, agreed to accept members of the Operative Plasterers' International Association of the United States and Canada unions able for the work, without charging either initiation fees or dues.

METAL TRADES UNIONS HAVE ASSISTED

Unions in the metal trades have also contributed. The International Association of Machinists has recruited men for work in navy yards, arsenals, airplane plants, and other metal work from the entire country. Registration of unemployed machinists began on May 23, 1940, at international headquarters and has continued to date. Local lodges have been alert to notify the International office immediately when they foresaw that new work would require additions to work force.

In Bremerton, Wash., for instance, the navy yard lodge advised headquarters that a large number of machinists would soon be needed. The international immediately sent job specifications with rates of pay and requirements to all lodges west of the Mississippi. Men were advised that medical examinations would be required, urged to take these examinations before leaving for the job; they were instructed to send their qualifications to the Bremerton office and be ready for immediate summons. In this way Bremerton was able to mobilize its work force with a minimum of waste motion. The Bremerton lodge met the men on arrival and assisted them in getting quickly registered and on the job.

Similarly, the machinists recruited 3,000 machinists and 1,650 tool makers for the arsenals, airplane mechanics for Vultee and Lockheed, and men for many other defense jobs.

LINK WITH EMPLOYMENT SERVICE

The supplying of skilled union men to jobs was further improved and speeded by linking our union employment activities with the United States Employment Service. This was necessary because we found that in spite of the great demand for skilled workers and our activities in referring them to jobs, literally thousands of workers were traveling around looking for work, not knowing where to go. Clearly we needed centers of call, and it was obvious that these could best be furnished by the 1,500 local offices of the United States Employment Service. Union placement is not in competition but cooperating with the United States Employment Service.

On June 20, 1940, following a pledge of the executive council of the International Association of Machinists to support the preparedness program, officials of that union met with the Director of the Employment Division of the Bureau of Employment Security to work out an understanding of the operating methods of the public employment offices and methods of cooperation between them and the grand-lodge representatives, business representatives, railway general chairmen, and local lodge officers. Following the agreement reached at this meeting the International Association of Machinists advised its lodge officers and business representatives to make immediate contact with local employment offices and arrange for a suitable plan of getting all unemployed members registered and also for registering machinists temporarily employed in occupations not requiring their highest skills.

In July 1940 I wrote all the central labor unions affiliated with the American Federation of Labor, urging their cooperation with local employment offices to work out plans which would get every unemployed union member registered at the public employment offices, and would also preserve the established union placement channels of those unions prepared to supply employers directly with union workmen. At that time, also, I requested our central labor unions to cooperate in working out needed training programs in local communities in order that an effective labor supply would be available when and where needed.

With help from our union members, the National Employment Service prepared a statement of procedure to be followed by local offices in placing workers both when union contracts are in existence and when an employer calls for workers without designating union affiliation. The purpose of this procedure was to assure the most effective use of all channels of labor placement to get men onto defense jobs promptly, and to preserve the functions of union placement and protect the rights of union members under contracts.

The International Brotherhood of Electrical Workers made a notable contribution to working out detailed procedures for a better control of the labor supply on defense projects. It held a series of regional conferences throughout the United States in the early months of 1941, bringing together clearance officers of the United States Employment Service on State and regional levels, business managers, international representatives, and vice presidents of the union and representatives of the Labor Supply Division of the National Defense Commission. These meetings were designed to help organize the labor supply, to avoid local shortages of skilled workers, and to prevent wasteful and aimless flocking of workers to areas where jobs are not ready for them. The problem is similar to a traffic jam—the aim of the conferences was to find ways to route work crews most efficiently and with the least friction, to use the union members nearest to the job rather than to send men unnecessarily long distances, perhaps to find the jobs filled when they arrived.

Out of these conferences detailed procedures for cooperation between the United States Employment Service and the unions on all levels were developed. Local business representatives work with the local employment offices, international representatives with State offices, and so on until national clearance is reached when our international offices cooperate with the national Employment Service clearance office. This cooperative plan opens up a quick job-clearance system throughout the entire country, making thousands of highly skilled union men immediately available for defense work and enlisting the cooperation of our unions. It has had great success throughout the country and has speeded the defense program.

THE WILL TO MIGRATE

As long as free enterprise is operating, men will seek work where they get the best bargain. A number of factors enter into the choice of jobs. If a man is unemployed he will, of course, take a job under conditions which would not tempt him to leave a job he has. Among the things he considers are wage rates, general working conditions, distance from his home, chance to use his highest skill and to advance, and what he has to give up in the way of seniority and retirement rights if he leaves his former job, and the relative permanence of the two jobs. Defense jobs have to offer equal or better opportunities than are open to workers in other lines or they won't attract enough men.

Congress recognized the need to make Government contracts attractive to business men when it passed the special tax and amortization laws. Additional incentive to take defense contracts is created by priority rulings on materials which make it possible for a manufacturer to continue operations on defense when he would have to close his plant if he stuck to his former line. Material and machine priorities similarly act as a powerful lever to move workers into defense jobs. But there must also be some inducement in the conditions of the job to attract and hold enough men.

One such inducement would be the use of a revamped social-security program which would not discriminate against many defense workers as the present one does.

In spite of the fact that the first selective service call took men from private jobs into the Army more than 6 months ago, no legislation has been passed to protect the rights they had been building up to old age and survivors' insurance. A little over half the States have frozen rights of draftees under their unemployment compensation laws, but the meager benefits and limited coverage of most laws plus the fact that many persons exhausted their benefit rights before they went into service and have nothing left to "freeze" make these provisions less effective than apparent in many cases.

Not even that much has been done for workers called from private jobs into civilian Government service. The navy yards and arsenals have expanded their working forces materially. From July 1940 to April 1941 the average number of workers on Federal civilian pay rolls as defense production workers and in other defense employment increased by nearly 200,000 exclusive of the Work Projects Administration defense work and of additions to nonmilitary regular Government agencies which also have increased their staffs to handle new problems created by defense. Many of these workers have been drawn from private employment where they had been building up both unemployment compensation and old-age and survivors insurance rights. Government service provides no protection against later unemployment, and the Civil Service Retirement Act, which still does not cover all Federal workers, provides no benefits for survivors and no continuing protection if a worker leaves the service, as most of these defense workers will, before retirement age.

Take the case of a worker with a wife and two small children, who has had 3 years of employment covered by old-age and survivors insurance, at an average wage of $100 a month. If he should die his family would receive a little over $45 a month until the children reached 16 years of age, or 18 if they were still in school. That means he has built up for his family protection equal to the income from more than $13,000 at 4 percent. If he leaves his job to work in a navy yard or on a Government force-account job and dies after he is no longer in insured status under old-age and survivors insurance, his family would have no income. Can the worker throw away that equity lightly? He should not have to take a less favorable situation in Government defense work than he had previously.

UNEMPLOYMENT COMPENSATION SYSTEM AS IT AFFECTS MIGRANTS

Of course defense work for private companies is not subject to this disadvantage. Our system of unemployment compensation, however, may operate to the disadvantage of migrants whether they go into Federal service which gives them no rights or into private defense employment in which the amount of protection depends on the diverse State laws. For construction workers, moved from one defense site to another as needed, the State unemployment compensation laws may prove of little use. Since earnings in several States cannot be pooled to give eligibility in any one State, a migratory worker may easily find himself unemployed with no rights to compensation in spite of a considerable amount of previous employment. State experience rating laws impose unnecessary hardships on contractors, since the very nature of defense work demands large working forces who will complete the job quickly and who will have to be laid off at the end of the work in that area to seek employment elsewhere.

The records of employment offices showing the huge number of workers sent across State lines for jobs or traveling voluntarily in search of work testifies eloquently to the fact that employment and unemployment are phenomena national in scope. We ask for a national system of unemployment compensation with Nation-wide adequate standards of benefits and the end of the discriminatory system of experience rating which has no part in such a period of employment as lies ahead and which can only make more difficult the building of a sound system to meet postdefense unemployment.

DISMISSAL WAGE SYSTEM

We ask also for a study of a supplementary system of contributory dismissal wages in defense employments to overcome the disadvantage of the temporary nature of such employment. When workers leave or are forced out of their customary work by priority orders which cut off the supply of materials on which they formerly worked, they may lose real equities in seniority agreements, in plant retirement systems, and in the normal expectation of continued employment. Defense work is expected to be temporary. If justice is done to those forced into it by priorities and if it is to be made attractive enough to induce many other workers to accept defense jobs voluntarily, these equities should be compensated for. Unemployment compensation alone, limited as it would necessarily be even under reasonable standards, is not adequate for that purpose.

Furthermore, some such system, which would hold back part of the higher wage workers will be getting in the defense plants and add to it something from the defense profits until the end of the current crisis or until a personal emergency in the worker's family made the use of such savings necessary, would serve to check inflation now and to offset decreased employment income later.

HOUSING

The machinery for routing workers to defense areas worked out by our unions and the United States Employment Service is intended to get men on the job where they are needed. Providing for them in the new area is another problem. Frequently, other considerations dictated the location of defense plants, and particularly of military camps, away from larger communities. The small cities and rural areas which have received the influx of new workers have frequently been overwhelmed by the problems of housing and otherwise providing for their new residents.

The defense emergency has pointed up the lack of adequate housing for the working people of this country. The accumulation of large numbers of workers around defense plants has made the situation more urgent, but it is a problem that has existed for many years. We are suffering now from this housing shortage in part because we did not build more homes at an earlier date.

We have underbuilt for more than a decade. During the 10 years from 1920 to 1930 there was an average of over 650,000 nonfarm homes built each year, but for the 4 depression years, 1932 through 1935, the average dropped to 82,000; that is, only 12 percent of the number constructed during the preceding period. Although the number has increased since that time, it has not yet reached 550,000 homes a year. This backlog must be caught up with.

The National Resources Planning Board estimates that we need over 2,500,000 nonfarm homes to relieve the accumulated shortage now existing in this country. This does not include special defense needs. The United States Housing Authority estimates that by 1950 we will need 10,000,000 more nonfarm homes than we have at present. This means building at the rate of 1,000,000 a year, or more than double the rate of the first quarter of 1941.

The defense program, of course, forces an upward revision of these estimates because, in some instances, the labor force will migrate from towns and cities with high vacancy rates to others already crowded, and from farms to towns. As a result, houses in some localities remain vacant, while in other sections of the country many more will have to be built.

And these figures do not tell the whole story, for this housing shortage hits almost exclusively people in the low-income groups. Therefore, these homes must be built to rent or sell for a price the average wage earner can afford to pay.

An effort is being made at this time to meet this situation through both public and private enterprise. However, this effort is still a long way from being adequate. The American Federation of Labor, through its central labor unions and State federations, has just completed a survey of conditions existing in towns and cities in which there is a sizable amount of defense work. The results of this survey indicate overwhelmingly that the need for more and better housing is still very serious.

The areas for which information was gathered can be divided roughly into three groups: (1) Those in which the situation demands further immediate attention, where overcrowding has already reached a serious stage and where measures already taken or planned are hopelessly inadequate; (2) those in which it is obvious that the situation will very shortly become serious unless further steps are taken at once before the new defense plants get into full production; and (3) a very few localities where, for various reasons, the community is apparently still able to handle the situation as it has developed so far.

BAD SPOTS IN DEFENSE HOUSING

Here are some of the conditions our unions report:

In Corpus Christi, Tex., 20,000 additional workers have been added to the 96,000 permanent residents of the city since the start of the defense program, an increase of more than 20 percent in about a year. In addition, about 7,000 workers had to be housed temporarily while construction work was in progress. These new workers are now living in any available accomodation, including tourist camps, trailer camps, tents, shacks, and automobiles, while rents on permanent living quarters have advanced from 75 to 200 percent. Some of the temporary workers could get no shelter of any sort and were sleeping in the open. Government agencies have built or are building 1,700 units, and about 500 units are being built privately. Obviously, this program will not fill the need.

Brownwood, Tex., was equally swamped. Houses normally renting for $20 a month shot up to $60 and higher. From Abilene and Mineral Wells we heard complaints that the rent for a cot in a crowded tar-paper shack with no sanitary facilities was $3 a day. Other workers were paying $60 per month apiece to sleep two in a bed. This is what our men had to return to after a full day's work.

The situation in Gadsden, Ala., is critical. In this important steel and iron center the industrial expansion has brought in about 1,250 permanent workers, with 5,000 more expected there within the next few months. These men with their families are living in old and leaking slab huts (made from slabs taken off green lumber), in garages, barns, stables, old store buildings, and shacks with dirt floors, with no sanitary facilities whatsoever. Unless the situation is remedied before winter there may be acute suffering. At least 1,000 new homes are needed here instead of the 250 that are now being built by the Government. Private capital is reluctant to build homes at a price the workers can afford. Rents have gone up on the average worker's home about 33⅓ percent. The work of expanding Camp McClellan, about 23 miles from Gadsden, added some 3,500 temporary workers to the town's permanent population and further complicated the housing problems.

Reports from Wichita and Parsons, Kans., show grave problems there. With airplane factories operating under capacity contracts in Wichita, the city of some 120,000 persons has already absorbed 15,000 permanent workers with at least 40,000 expected by the spring of 1942. In the last 6 months about 1,000 dwellings have been erected by private capital, but these are chiefly offered for sale. The Government's building project so far includes only 400 family units with another 1,000 in prospect. The outlook is bad for that expected flood of new residents.

Already it is impossible for workers to find houses to rent to which they can bring their families. Single workers can rent space in rooms in private homes. With from two to four sleeping in every available room, workers are paying $5 to $6 per week apiece for space in a double bed in stuffy basement dormitories housing 6 to 12 men.

A serious situation confronts the city of Parsons, Kans., a community of about 14,000. Here there is still a chance to anticipate the housing needs because the main part of the defense work has not begun. There can be no delay, however. The Federal Government has approved a $35,000,000 shell-loading plant to be located in Parsons. This will mean some 4,000 construction workers for the period necessary to build the plant, and about 6,000 production workers for its operation. These latter, being fairly permanent, will certainly want to bring in their families. It is easy to see the problem is acute and immediate.

This city, center for the general offices and shops of the Missouri, Kansas & Texas Railway Co., has never had many vacant houses for rent. The railroad is increasing its personnel and this adds to the demand for decent living quarters.

Burlington, Iowa, a town of about 27,000 in normal times, reports that upward of 20,000 workers of all types have come into the town as a result of the construction of a shell-loading plant there. According to city officials, there was a shortage of housing even before this plant was constructed. The increases in rent show what is happening here. Houses normally renting for $25 to $30 a month now cost $54 to $65, and single rooms in private homes, for which normally from $3.50 to $5 a week was paid, are now bringing $10 a week, with two or three cots in each room. The Government has built reasonably satisfactory barracks on the site of the plant but these can house only a small proportion of the workers. Trailer camps have grown up all around the plant, with sanitary conditions at their worst. A few new houses are being constructed, but the rents are exorbitant.

PROJECT NEEDED IN BUFFALO

Our union people in Buffalo, N. Y., have been trying since last September to secure the housing facilities which they foresaw would be needed when the defense program got under way. So far, they say, "1,000 housing project units have been approved for this area; 200 in the city of Lackawanna and 800 in the city of Buffalo. The present estimate of new workers for this area is 25,000 and they will be employed here by January 1, 1942." It would seem that a large-scale housing project should be planned immediately for this section, and there should be no delay in its execution. Our people see that private capital cannot or will not provide the necessary facilities at prices within the range of the wage earner. Either the Government must build these homes, or higher wages must be provided so that the worker can afford to pay the rents demanded by private industry.

The situation in Schenectady will be acute by fall unless some 1,000 to 2,000 dwelling units are put up. The General Electric Co. anticipates needing more than 5,000 men by October. The American Locomotive Co. will take on about 800. Probably a number of these men will come in from outside the community. A rough estimate shows about 3,000 new people already in the city since the start of the defense program. There has been little private construction in spite of the showing of need. In May only 290 house units were vacant, more than half of those classed as slum dwellings. Banks have been reluctant to finance decent homes at workers' rent levels and realtors have opposed labor's demand for a State housing project. Rents for workers' homes are rising and relief is badly needed.

The situation in Tacoma, Wash., illustrates again the fact that the housing program has consistently dragged behind the need for more homes. The defense program has brought at least 10,000 fairly permanent residents into this city, besides the 45,000 soldiers stationed at the 2 nearby camps, and the 4,000 building tradesmen employed on the construction of these camps. Thousands of workers came to this area because of publicity overstating the number of workers that would be needed. The only Government building that has been carried out here to date consists of 350 units for married enlisted personnel in military service. A million-dollar housing program is being considered, but has not yet been adopted, notwithstanding the 10,000 workers that have already been added to the population.

CONDITION SURROUNDING ARMY CAMPS IN RURAL AREAS

The most crucial situations have come about, usually, where plants or Army camps have been built in locations far removed from any good-sized cities. For instance, the construction of Camp Blanding in Florida required the employment of 20,000 men. The nearest town was Starke, which ordinarily had a population of only 1,500. Jacksonville, the only sizable city within reach, was 50 miles away. Of course, workers found it impossible to get suitable living accomodations. Many lived in their cars, in trailers, covered trucks, hovels made of scraps of metal, building paper, and even palmetto leaves over rude frames. Houses in towns within a radius of 75 miles were badly overcrowded, and rents went up alarmingly. One of our members reports that he was able, by getting there early, to find a summer cottage 2 miles from the camp. This had no modern conveniences, and usually rented for from $20 to $25 a month. He paid $45 to begin with, and was paying $60 by April. The contractors built barracks for 1,500 of the 20,000 workmen, and even this limited provision was late in being finished.

Spartanburg, S. C., had a difficult time while temporary workers prepared the adjacent military camp (Camp Croft). With most of the temporary construction workers gone now, the city has left some 8,000 new permanent residents, workers, families of officers, and others drawn to the community in the last year. Rents have increased from 40 to 75 percent for people trying to find homes. Even for homes continuously occupied rents have gone up at least 10 percent. Some relief is expected from the 270 family units for low-income workers now being completed and 120 units for the families of officers, but these will still not solve the problem entirely.

These reports are illustrative of what is happening all across the country. I will file for your later consideration a summary of many more such statements from our union representatives in defense areas.

All of the towns surveyed reported rent increases, varying from 10 to 200 percent, with many telling of increases of 35, 40, and 50 percent for homes rented to new workers coming into the town. In a large number of the towns substandard and condemned buildings unfit for human use were being reoccupied, and in others where private construction seemed to promise an adequate number of homes, the rents for these units were beyond the reach of the wage earner's income. Even where low-cost houses are providing for some workers the units do not release other homes for newcomers to an equivalent extent, because frequently it only permits the undoubling of families in dangerously overcrowded dwellings.

OPPOSITION TO LABOR'S EFFORTS

Because most of these communities have insufficient funds to handle so big a problem, Federal aid on a large scale is necessary, but the cooperation of all local groups is also vital if a sensible solution is to be achieved. Organized labor groups in these cities and towns are capable of a fine contribution in this respect. The results of our survey tell us that these men and women know the situation in their localities, and are not only willing but eager to help find the proper answer. In some areas this help is being sought and accepted in a fine spirit of cooperation, and a real job is being done. In others, opposition to labor's efforts is found on all sides. In the answers to our questionnaires we found many complaints that representatives of organized labor were not given a change to cooperate; that real estate men opposed Government-financed housing programs; that banks were not interested in financing low-cost housing. This is an emergency situation, and no special interests should be allowed to stand in the way of dealing with it swiftly and efficiently.

The housing problem is no new one, and it will still be with us when the defense emergency has passed. The defense program has made quick action of primary importance, but we must not lose sight of the future. The homes that are built today should become a worth-while permanent contribution to the community. This can only be done if local authorities study their city, and devise well-thought-out plans coordinating defense needs with the ordinary peace-time demands of the community. When the defense industry that brought these additional people into a city is a thing of the past, it should be possible to use these homes in place of the disgraceful slum areas which mar most of our cities.

A comprehensive housing project has long been recognized as one of the cushions against a slump in our economic system when we are able to shift over again to a peacetime economy. For this reason, too, present construction of houses should not sacrifice sound planning while achieving the requisite speed. Each community should be concerned to have a program that both takes care of the present and looks to the future.

What we need, then, is first of all more homes, many more, and as fast as they can be constructed. Secondly, they must be built to rent for a price the average worker can afford. And finally, they should be well built, rightly situated and well planned so as to be a real asset to the community in the future. This sounds like a complicated and difficult job, and it is, but it can be done if there is wholehearted cooperation among all interested groups. In all of these communities, there are able and eager members of the American Federation of Labor who are anxious to contribute their knowledge and experience toward finding the most constructive solution of their local problem.

HEALTH

Many of the health problems arising from defense migration have their roots in and are only an accentuation of deficiencies in provisions for community health and industrial hygiene under more normal conditions. Where a State or city has had a strong public health department, where sanitary facilities have been well planned, inspection of milk and water supplies efficient, public clinics ample, and health education progressive, the community is more able to fit new workers into its life without acute difficulty. On the other hand, when huge numbers of workers are moved into areas already poorly equipped, when temporary trailer camps or civilian barracks are established without proper inspection, the worst slum hazards are created.

I have already told you of the reports our affiliated unions have given us of the crowded and undesirable living conditions. While the country has been fortunate to date in escaping any serious epidemics, we cannot continue to rely on good luck. Conditions conducive to the spread of contagious diseases exist in many communities and must be eliminated.

In many defense areas thousands of workers poured in, hitch-hiking and coming by car, looking for jobs without definite knowledge of conditions. Many of them could not get work and had no money to go back home. They live in tents, tourist camps, shacks, and trailers, without proper sanitary provision, creating a situation which threatens the health of the entire community. This situation has been particularly acute around Louisville, Ky., and Charlestown, Ind. In some cases our affiliated unions have financed the removal of their members caught in such a situation. Our members in Louisville have been concerned at the danger to the whole community which is created by the unsanitary shack camps in Charlestown.

The construction workers at Camp Leonard Wood in Missouri had either to travel from 20 to 100 miles a day to and from work or live without any semblance of decency and privacy in pup tents, trucks, or crowded 8 to 10 in a room. There were no sanitary provisions in the neighborhood of the camp. These workers, now being laid off as the camp project nears completion, are transferring in large numbers to work on the O'Reiley Hospital at Springfield, Mo. While that community offers better facilities, there will certainly be overcrowding there too.

A similar situation existed in Lawton, Okla., because of the expansion of Fort Sill. Workers were traveling 10 to 50 miles daily, living in crowded rooms and even sleeping in automobiles. The county health clinic has been overtaxed and workers cannot get proper service.

In Mississippi there are no free clinics of any kind in most defense areas, and the public health department is understaffed. With the permanent residents already inadequately provided for, the influx of new workers creates a serious problem.

SANITATION PROBLEMS ACUTE IN SMALL CITIES AND TOWNS

In nearly every case in which large numbers of workers are brought to new areas, especially to smaller cities and towns, sanitation problems are acute. Even when Federal money has been available for housing, the town's sewage system is often inadequate for the load placed on it. Often the town has no money for new sanitary facilities and in some cases legal debt limits prevent further public borrowing.

The city of Parsons, Kans., of which I have already spoken, anticipates serious difficulties when the size of their community is nearly doubled in less than a year. The health department is concerned over the water supply, sewage disposal, milk inspection, and health work, none of which can be properly safeguarded on the funds now available. This is an immediate concern—Federal aid could help them prepare for the emergency before the new workers pour in. The safeguarding of the health of our workers and their families makes this aid essential.

In Virginia the area between Williamsburg and Fort Monroe faces a serious health problem because of the pollution of rivers and the bay with sewage. Makeshift dwellings, such as converted streetcars, tents, trailers, shacks, and condemned slum houses in a number of cities, are not only uncomfortable but actually unsafe without careful planning for an inspection of sanitary facilities, which has been lacking to date.

A report from Charleston, W. Va., stresses as a special problem the lack of a uniform milk ordinance and the inadequate inspection of the raw milk which many dealers supply.

Even some large cities have had to put a dangerous load on existing health facilities. Philadelphia, still far from the expected peak of defense work, is already suffering from overcrowding and reoccupancy of substandard vacant homes with a consequent increase in the tuberculosis hazard. The Philadelphia Department of Public Health considers tuberculosis and communicable diseases its chief problems now. The city finances have not permitted any expansion in facilities for diagnosis and treatment of tuberculosis or for vaccination and immunization of newcomers, many of whom are from communities which had no proper health education or compulsory vaccination.

In many areas hospitals are so crowded that there is a long wait for beds, and hospital and medical costs are too high for workers and their families. We need more free and low-cost clinics serving all defense areas. Charleston, S. C., considers one of its most serious problems the lack of a hospital in the navy yard area. Other areas report no hospital or clinic or even first-aid station near large defense plants. Sometimes seriously injured men have to be taken 50 or 60 miles for treatment.

VENEREAL DISEASE A MAJOR PROBLEM

Aside from sanitation, venereal diseases are the most acute health problem in defense areas. This is particularly true on the fringes of camps and in places where thousands of workers, often without their families, are being brought together with no proper provision for wholesome recreation. The Army protects its personnel with prophylaxis and treatment of infections. Every defense area should have free clinics giving the same service to workers. This is vital for the protection of the whole Nation.

Not only is defense migration creating serious health problems connected with overcrowded housing, lack of proper sanitary facilities, increased risk of venereal infection, and conditions which make the outbreak of epidemics a constant menace, but also the conditions of work in defense plants are a threat to the health and safety of workers on the job. In 1940 industrial accidents in all manufacturing industries increased nearly 13 percent over 1939, with less than 11 percent increase in man-hours worked. In 1941 the rate of industrial accidents is probably increasing even more.

INJURIES IN DEFENSE PLANT

The record in defense industries is strikingly worse than that for all manufacturing. In terms of exposure, the increase in frequency rate (that is, the number of disabling injuries per million hours worked) was 2.5 percent. But for basic defense industries it was nearly 10 times that much. In shipbuilding and in aircraft production the frequency rate of disabling accidents was 22 percent greater in 1940 than in 1939, in the machine-tool industry the rate increased 23 percent. That means a great loss in productive manpower as well as increased hardships for the workers in those important industries when the increases in disabling injuries were 22 or 23 percent higher than the increases in man-hours worked. We need immediate measure to reduce this loss from accidents.

Safety programs in most plants have not been expanded proportionately to the number of new workers, and many plants have no safety program. Congestion in the plants, increased tempo of operations, and failure to keep floor space clean while work is going on are responsible for some of this increase. New workers and workers rusty from long unemployment or employment at less than their full skill are more likely to have accidents than those accustomed to the job. Longer hours of work, as overtime employment mounts, contribute to cumulative fatigue, and in some defense areas workers are forced to live so far from their jobs that they spend 2 or 3 hours a day traveling to and from work. This adds to the work fatigue.

The American Federation of Labor was represented in 1940 in the hearings on Senator Murray's bill to make more adequate provisions for the control and prevention of industrial conditions hazardous to the health of employees. At that time we urged Congress to appropriate more money for this purpose and to place the supervision of industrial hygiene work done with such Federal funds under State departments of labor which are charged with the responsibility of administering labor laws and which have, in most cases, right of entry into plants for the necessary inspections. We are convinced that this expansion of industrial hygiene work is more than ever necessary in the present emergency.

Only about half of the workers in our country have the use of first-aid rooms in their plants. Inspection of plants for dangerous concentration of dust and for exposure to chemical poisoning is wholly inadequate. We cannot afford the loss of manpower from defense work needlessly caused by accidents and preventable ill health. Throughout the year 1940 accidents cost us four times as many man-days lost from production as strikes did, The ratio is probably similar today. Yet the loss in accidents has received practically no attention, while strikes have been blazoned abroad.

Serious as the problem has been for years, it is now a major threat to our defense production. The American Federation of Labor strongly urges that appropriations be made for adequate safety and industrial hygiene work.

EDUCATIONAL FACILITIES IN DEFENSE AREAS

It is obvious that the migration of large numbers of workers and their families to defense areas brings with it also the problem of providing sufficient educational facilities for the children of these families.

A survey of this situation was made at the beginning of the year by the Office of Education. On the basis of reports sent in by State superintendents and commissioners of education, estimates were drawn up indicating that by September 1941 there would be at least 300,000 additional children to be accommodated in defense centers; a need for over 10,000 more teachers; and the cost of the necessary extra facilities would run to over $125,000,000.

These are necessarily rough estimates, and since they were made the picture has changed in many details—other housing units have been authorized and defense plants have been planned for additional towns. These figures, therefore, must be considered only as an indication of the minimum extent of the need. It is probable that if this study were to be repeated now, the estimates would be higher.

The survey the American Federation of Labor has just made indicates too that most of these communities expect their schools to be seriously overcrowded when they open in the fall. In Pontiac, Mich., it is said that schools will be crowded into temporary shacks within a year. The report from Pittsburgh states that there are no schools at all available near the new housing projects. In Kentucky areas schools were already overcrowded before the influx of new workers. It is expected that the enrollment in the elementary schools of Omaha and nearby towns will be increased by about 5,330 pupils. The schools there have facilities for only 2,725 of these children. Charleston, S. C., is seriously concerned that their schools will not be able to take care of the increased enrollment.

Because the summer vacation intervened in time to avoid having to face the problem which was increasing with the expansion of communities, many communities have some chance to get new school facilities ready before fall.

Where defense plants and housing units are located at a distance from existing facilities, new schools will have to be built. In other cases, it will mean that additions must be constructed, and more teachers hired.

Sometimes the local communities are prevented by debt limits from making any expansion in their school program. A member of the school board of Parsons, Kans., has written that their school fund levy is at its top now and no further revenue is available. A new school building under Work Projects Administration auspices will not be ready for fall unless the program is speeded. A comparatively small increase in the school enrollment would require new teachers, and the expected enrollment would completely disrupt the present school program. Other cities are in much the same difficulty. When local communities are not able to bear the burden of extra equipment and personnel needed because of the migration of defense workers with their families, it is up to the State and Federal Governments to lend a hand. A program for this purpose should be put into operation without delay, so that by September when schools reopen minimum requirements, at least, will be provided for. This is necessary to the maintenance of a good morale and to the long-time strength of our Nation. We cannot afford to neglect proper schooling in a democracy if it is to live.

RECREATION

Closely related to the housing and health lacks of defense communities is the problem of recreation. Our national habit in recent years has turned so strongly to commercial recreation that we are ill prepared to recognize and solve the problem created by the influx of a large number of new workers into crowded areas. While some attention is now being given to the importance of healthful and desirable recreation for men in the Army, little has been thought of the thousands of workers on construction jobs and in defense plants.

Clearly there are two distinct problems of recreation for the workers removed from their home communities for defense jobs. There are the large numbers of workers who come for a temporary period to construct Army camps and defense plants. Many of these workers are single or have left their families elsewhere. The housing is even less adequate generally for these construction workers than for the permanent production workers who come later. The conditions under which they live are such that they must seek all their recreation outside of their own living quarters. These men have more money to spend than many of the soldiers in camp, but except for that difference their problem of recreation is much the same. They are away from their former friends and living under conditions which do not give them any permanent interest in the new community. They have no homes to keep up and improve. They are unlikely to establish church ties unless the members of the churches make more of an effort than they have to welcome the newcomers for their temporary stay. Most communities have no program of helping migrant workers make friendly social contacts. It is small wonder that the men turn to less desirable forms of recreation.

Then there are workers who bring their wives and children into the new community. Over a period of time their social contacts will be broader than those of the single men. However, the presence of the new families imposes an obligation on the community to provide other kinds of recreation. The children need playgrounds where they will be safe, and public parks with expanded recreational facilities to serve the larger population are needed. Adequate cultural and recreational opportunities free and at low cost are needed for workers and their families. In some defense areas school playgrounds and gymnasium facilities have been insufficient for the number of children they serve, and often these are closed during school vacations with no thought of providing for the children's idle time. That is a poor way to build the kind of community we want in this country.

From a number of defense areas our unions report inadequate recreational facilities. From what we know of the type of recreation available in many cities, especially smaller ones, we can be certain that they have little to offer the new workers brought in temporarily or more permanently for defense jobs. Most of those smaller places have no money available for new recreational facilities, but even more—they have no real comprehension of the social value of planning for sound recreation for all residents. The Federal Government should, along with its housing program, help local communities develop and improve recreational facilities both for the workers themselves and for their families. Immediate plans should be laid to give guidance to those areas which in the near future will have a large increase in their working populations. This is as important as the program of the United Service Organization for the armed forces.

This program need not be expensive. The workers do not need or want high-priced directors getting up entertainments for their passive amusement. They do not want closely supervised entertainment. They need social centers in which, with some informal assistance in getting acquainted, they can have good companionship, in which they can talk, read, listen to the radio, dance, have community sings, get up their own bands, orchestras, and games if they please—in short, they need a reasonably well-equipped clubhouse for workers in defense areas, especially in smaller places in which there are no good alternate social opportunities.

Exactly what each community should have depends, of course, on its character, whether it is rural or urban, or within a reasonable distance from a large city. It must depend, too, on the type of migrants; whether chiefly single workers, or families have moved in. Those matters should be determined when plans are made to build or enlarge a military post or defense plant, and Government funds and experience should be made available to local communities to help them establish such needed recreation centers as well as for adequate housing, schools, and health facilities.

What these workers need is a chance to relax and enjoy themselves in pleasant surroundings after their day's work, and an opportunity to find good recreation with congenial companions. As the pressure and strain of defense work increase recreation will become increasingly important in the maintenance of a high morale. We cannot afford to neglect it or leave it wholly in the hands of those who hope to profit by selling entertainment to people who have no chance to choose other forms of recreation.

LABOR'S STAKE IN DEFENSE PLANNING

The problems which are being created now by the migration of workers for defense jobs will carry over to plague us more acutely in the post-defense period unless we do sound planning now.

In the first place, we must plan to provide a continuation of jobs in the areas where defense production has brought in masses of workers, or establish orderly methods of redistributing labor to other places where they can find jobs at the end of defense work. This does not mean compulsory mobilization of labor now or later, but a program of continued production through the readjustment period and an even more complete canvass of job opportunities and a more widespread coverage of the employment service than we have now.

In the second place, to keep pace with the national problem of migration and face the fact that many of the workers now employed will be laid off for short or long periods before they get placed in permanent peacetime work, we must have a national system of unemployment compensation with benefits adequate to care reasonably for the unemployed workers and to give a substantial lift to community purchasing power. Our employment market is now Nationwide. Men are freely moving across State lines and concentrating in defense areas unevenly distributed among the States. The post-defense problem of unemployment will also be a national matter and cannot be satisfactorily handled by the separate States. Nor are the wide difference in benefit rights and the tax rates employers pay in the several States reasonable or desirable in the face of the Nationwide scope of the problem and the fact that we will have to undo, at least in part, the concentration of workers in certain areas built up for the defense program.

To soften the hardships of readjustment both for men discharged at the end of military service and workers whose defense jobs are ended and who must either find new employment or retire from the labor market, we should plan now some form of dismissal wage which has the double advantage of reducing the inflationary tendency of the present period and of bolstering purchasing power later when it will counteract deflation.

PROTECTION OF PENSION RIGHTS

Furthermore, we need now to devise means of protecting the old age and survivors' insurance rights of persons who go into either military or civilian defense work. Loss of such valuable rights should not be required of any person serving the Nation.

In the third place, this defense period should be a means toward improving the Nation's health standards. It is a disgrace that this richest Nation in the world should have so many of its young men in their prime unfit for military service because of nutritional deficiencies and physical defects arising from improper or insufficient medical care. Clearly a large part of our population cannot afford the preventive and remedial treatment necessary for good health. Clearly our State work in public health and industrial hygiene has been spotty and generally too limited to do the job which must be done.

We need to plan now for an adequate public health program, for disability insurance, and for complete medical care within the reach of workers' incomes. It is low-income earners who are neglected. Unable to pay for adequate treatment and unwilling to accept or ineligible for charity in the form of free care, they go without the attention they need until they contract the most severe illnesses. The health problems appearing in overcrowded defense communities are showing up also real deficiencies which have long existed in the facilities available for the average worker's family. The already inadequate facilities bog down under the added load of migrants' needs.

Great Britain, in the midst of active warfare and straining every resource to the utmost for the Nation's life, finds it desirable to give more attention to social legislation. The Minister of Health recently announced that the Government was introducing interim legislation to increase the benefits under their health insurance scheme and that they hoped to carry through later a thorough overhaul of the social insurance programs, particularly health and pensions insurance and workmen's compensation. He said: "The Government are of opinion that the comprehensive survey of existing schemes, which must be an essential preliminary to such legislation, should be set on foot at once as part of post-war planning." Since that time, Sir William Beveridge, a brilliant economist and one familiar with labor problems, has been appointed head of a committee to make this comprehensive survey and to recommend necessary changes to create an improved and unified system.

This is the time for us, too, to work for a stronger, healthier population, both to have vigorous soldiers and workers, and to build within our democratic system the kind of living conditions which ought to be denied no one. The basic morale of a healthy nation would be in itself a measure of defense against foreign doctrine.

AVOIDANCE OF NEW SLUM AREAS

Third, construction of homes now should be governed by a plan which does not create slum areas in cities and rural communities in the post-defense period, and which does not saddle workers with debts they cannot meet later. There must be inspection to prevent colonies of jerry-built houses which will be the nucleus of new slums. Many of the houses now being constructed sell or rent at a figure too high for the average worker. We need more genuinely low-cost homes, subsidized if need be so that persons displaced in slum clearance will not be forced into worse slums because they cannot afford a decent place to live.

Where the housing problem is obviously temporary, as in providing living quarters for construction workers building military camps, the use of mobile units with proper attention to sanitary facilities is entirely proper. We do not want to waste money for unnecessary houses where they will not long be needed. The American Federation of Labor has urged the continuation and expansion of the migratory labor camp program of the Farm Security Administration. But where a community is growing on a permanent basis, new homes should be constructed in such a manner that they can replace old slum areas and offer decent living quarters at a cost workers can reasonably afford. And while new dwelling units are being added, the Federal Government should help the States and cities provide for adequate sanitary facilities which the extra housing makes necessary in local communities.

Fourth, when defense migration puts undue strains on the local school and recreational facilities, the Federal Government should give such help as necessary to relieve the local community. Defense is a national problem and the dislocations which it causes in our living must not be thrown unduly on a few areas. We can use the necessities of this emergency to improve the opportunities for all if we are far-sighted in our planning.

The American Federation of Labor stands ready to help in this planning for post-defense living. Out affiliated departments and unions have many members skilled in the problems of housing, employment and unemployment, and migration of workers. We will be glad to contribute our efforts toward sound planning in a democratic manner for both the defense emergency and the economic and social adjustments which must follow it.

There is no group that has more at stake than wage earners, in this struggle that now grips the world. Democracy means to us opportunity to have a voice in determining our destinies and advancing our economic and social well-being. Democracy, we believe, leads to a higher level of living and involves acceptance of responsibility for working out the problems in order to reach that objective. When danger threatens our democracy we stand ready to give and do.

ORGANIZATION OF A DEFENSE ECONOMY

Preparation for national defense today necessitates the organization of a defense economy with provisions for the manufacture of munitions and all the mechanized defense agencies. Our defense economy may supplement or displace our production for civilian uses and it has priority. Technicians and workers in large numbers must transfer from civilian to defense work. The kind of control or government that is developed for our defense economy is of paramount importance to all workers. In a very positive way government for defense activities is separate from government for normal living. This defense government concerns and affects vitally owners, management, and workers in defense production, and unless these groups have representation in the defense government these citizens pass into a dictatorial regime in which they are helpless to protect their interests or maintain their rights.

In defense operations time is such an important factor that authority to act quickly and surely must be vested in some one person who can be held responsible for results. The life and future of the Nation may be at stake. If the responsible head provides in his organization representation for those who are affected by his decisions and gives their views and recommendations adequate and continuous opportunity for consideration, principles of democracy and a sense of freedom will be maintained even during such emergency as defense and war. This type of organization is essential to national morale—the will to see the thing through—and morale is essential to mass effort. In addition to maintaining morale, representation for the organized groups concerned brings cooperation for the work and releases the latent energies and abilities of the whole group because each has the responsibility derived from representation. To express this another way, if the defense administration asks a labor representative to serve in some capacity his cooperation is gained and that of those he can influence personally; but if the defense administration asks the National Manufacturers Association and the American Federation of Labor to designate representatives to help with the problems of defense production, these representatives are in a position to get cooperation from their entire organizations.

If policies are democratically evolved, the administrator may be given authority to carry them out—even though that power may exceed peace limit reservations. This is the philosophy upon which the American Federation of Labor rests its claim to representation.

CONTROL OF EMPLOYMENT ACT IN BRITAIN

This has been the procedure in Great Britain. Under the Control of Employment Act (1939), which empowered the Minister of Labour to prohibit employers from advertising for or hiring new employees without ministerial consent, any order issued under this power first was submitted to a committee composed of equal representation of employers and employees. The report of the committee, together with the Minister's order, have to be laid before Parliament, which could void the order. However, the Government did not exercise mandatory power but continued to rely upon voluntary cooperation.

With the Churchill cabinet came the Emergency Powers Act, May 22, 1940, which authorized Orders in Council requiring persons to place themselves, their services, and their property at the disposal of the Government. The Minister of Labour has power to direct any person to take any job, to require any class of persons to register information about themselves, to inspect premises, and require necessary records. The Minister is empowered to determine wage rates and working conditions for persons filling jobs to which he directs them.

The Minister immediately ordered that in key defense industries, building, civil engineering, contracting, and general engineering, employers should engage workers only through the Labor Exchange. No male worker in coal mining or agriculture may transfer to another industry except with the approval of the Labor Exchange, and on becoming unemployed, workers formerly employed in these industries must return to them. Dock workers were required to register and in most cases registration was in the hands of committees of employers and workers. Later all skilled workers were required to register and to give information on work experience. When these orders were issued the Minister of Labour announced he still relied upon unions and employers' organizations for their enforcement.

A National Labor Supply Board was set up by the Minister consisting of two representatives appointed by unions and two appointed by employers, with himself as chairman. This board was to put into effect regulations of labor supply. Voluntary methods were still relied upon and only in 1941 came steps toward greater control of employment, with denial to employers of the right of dismissal except for misconduct. Workers were transferred from nonessential to defense production, and women released men for production work. Reliance was still placed on voluntary methods, but movement of labor in war industries was restricted. Dock workers were made Government employees to be allocated to various jobs.

This brief outline of British experience shows the adaptation to emergency methods and machinery of the deep-rooted practice of representation and the instinct for freedom that prevails even in their blackest hour. As a matter of principle the British still adhere to voluntary methods because they are sound and just and hence are the surest way to production and national morale. So labor in the United States, should the national emergency require it, would be willing to delegate to responsible government agents power to make decisions in the interests of national safety provided the representative principle was observed giving each group concerned its day in court.

Our present organization for national defense ignores the principle of representation and fails to delegate responsibility definitely. Hence the administration needs the support of an understanding nation which is necessary for an all-out effort. When organizations of workers and employers are asked to participate in national defense by designating their representative to work with the Government, they will then be in a position to send information throughout their ranks that will result in understanding and they will have a responsibility for getting things done. Out of such a situation will come grim determination to produce the defense necessary to maintain our free institutions.

SURVEY BY AMERICAN FEDERATION OF LABOR UNIONS OF CONDITIONS IN DEFENSE AREAS

[NOTE.—Population figures in some instances apply to the city itself and the surrounding industrial area. Figures are for the predefense period.]

ALABAMA

Anniston area.

Housing.—Defense program larger in Anniston area than in any other part of State. If defense program continues to expand, housing facilities must be increased greatly.

Birmingham.

Population.—Normal, 330,000. Defense program brought in 500 soldiers and 1,000 construction workers.

Housing.—Workers paying about 30 percent more rent. Very small increase in private construction, but have four United States Housing Authority projects. Situation not acute.

Health.—Have free general clinics, and some State public health service. State, county, and city health services doing a good job. New workers can get adequate health service at present.

Childersburg area (Talladega, Childersburg, and Sylacauga).

Have combined population of 7,000 to 8,000, but with powder plant and bag loading plant getting under way these places do not have sufficient housing facilities, schools, or churches to take care of workmen on defense jobs. More houses needed in this area as quickly as they can be erected.

Gadsden.

Population.—About 60,000. About 23,000 soldiers now stationed at Camp McClellan, about 23 miles from Gadsden. Increase of about 3,500 temporary workers and about 1,250 permanent residents, with about 5,000 more expected over the next few months.

Housing.—Housing Authority has built and is building large number of houses, but this expansion is not sufficient. New workers find it impossible to obtain decent homes, and are now living in slab huts, trailers, houses without floors, garages, barns, stables, and old store buildings. Rents for new workers have gone up about 33⅓ percent. There has been practically no private building; 250 Government-built units are under construction. Report by Roy D. McCord, attorney for union and member of housing committee: Condition in Gadsden is appalling. Should be 1,000 new home units in area. Situation should be classed as emergency. Will be both suffering and disease in area if conditions are not corrected.

Health.—Have free venereal clinic, but no general. Have a county health department. Receive same amount help now as before defense program. New workers cannot get adequate health service. New workers moving into town have taxed sewage and sanitary facilities of area.

Schools and recreation facilities.—Have insufficient schools and no recreational facilities whatsoever.

Prices.—Within last 2 months all commodities, services, and rents have gone up, and rents are exorbitant.

Union activity.—Unions have appointed committees to confer with city commission, county board of revenue, and county health office. These committees have pointed out several insanitary conditions to these boards. Have no representative on advisory committee of employment service.

Mobile.

Population of about 60,000. Has been growing rapidly in recent years. Housing facilities have been able to take care of the situation so far, but more housing will be needed very shortly.

ARKANSAS

Little Rock area.

During construction at Camp Robinson, near Little Rock, no great shortage of facilities to care for transient workmen, but housing shortage developed and rentals increased markedly with advent of soldiers. Many families of soldiers were forced to return home as they were not able to secure suitable houses at rentals they could afford. To get two new Government defense projects: 1. Detonating plant at Jacksonville, about 17 miles from Little Rock—a small town that cannot take care of the housing situation during construction of the plant; 2. Picric acid plant near Marche (also near Little Rock). This town also not able to care for workmen. Three flood-control projects now under construction. Some workmen driving 40 miles to and from their homes. Others being housed in tents, trailers, and shacks. Serious shortage will develop with starting of new projects. North Little Rock has slum-clearing project well under way. Little Rock has been working 2 years on its slum-clearance project, but contracts not yet let. Fort Smith had to take their project to the people to put it over. Not sure when it will start. Pine Bluff turned down a project. Appears that real-estate interests are either antagonistic, or at least uncooperative in trying to relieve housing shortage.

CALIFORNIA

San Francisco.

Population.—750,000.

Housing.—No housing problem, nor increase in rents. Large program of home building in all parts of the city, including several Work Projects Administration projects numbering several thousand homes.

Health.—Free general and venereal clinics. State health board campaigning for tuberculosis and syphilis clinics. No acute health problems; adequate service.

Schools.—No particular problem here.

Prices.—No unusually high prices or rents.

CONNECTICUT

Waterbury.

Population.—Ninety-nine thousand three hundred and fourteen, by 1940 census. About 4,000 permanent workers have been added since beginning of defense program. Year ago city employed about 34,750 people, and in May 1941, empllyed 45,348; increase of 10,598 over the year.

Rents have risen $2 to $5 in some instances for workers homes. From June 1940 to May 1941, 299 permits issued for 1-family dwellings, 6 permits for 2-family dwellings, and 1 permit for a 6-apartment building. Three hundred Government built homes to be erected.

Health.—Have two free general clinics, and one free venereal clinic. Had State public health work before defense program. Waterbury Health Council formed during past year to aid health program. New workers can get adequate health service.

Prices.—Unusually high prices for eggs, butter, and flour.

Union activity.—Asked for slum clearing; no advisory committee to employment service set up in this city.

FLORIDA

Jacksonville and Starke.

Population.—One hundred seventy-three thousand and sixty-five (1940 census), Camp Blanding—about 8 miles from Starke, town of about 1,500, and about 50 miles from Jacksonville (new road not finished when construction work at camp was going on). Meant 1½-hour trip each way for workers living in Jacksonville.

Also naval air station 12 miles from city; 8,000–10,000 workers employed on construction of air base; started building Camp Blanding when base was about 75 percent completed. This project at one time employed 20,000. At peak of these projects about 25,000 new workers came in from other localities or traveled from 50 to 100 miles to work. Including soldiers, 60,000 to 70,000 people have become temporary residents. About 25,000 more or less permanent residents have come in because of these projects.

Housing.—Workers found it impossible to get adequate homes. Many lived in their cars, in trailers, covered trucks, hovels made of scraps of metal, building paper and even palmetto leaves over rude frames. Houses in towns within 75 miles that took roomers were badly overcrowded. Rents increased alarmingly. One member, by getting there early, found summer cottage 2 miles from camp, without modern conveniences; ordinarily renting for $20 to $25 a month. He paid $45 a month, and by April was paying $60. Contractors provided fairly decent barracks, but were late getting them built, and would accommodate only about 1,500 workers of 20,000. Private construction considerably above the average. Building of defense homes with Federal aid, responsible for about 600 family units, is continuing. Housing shortage very acute.

Health.—Have free clinics operated by city, but inadequate to care for increased demand. City and State boards of health making strenuous efforts to control disease. Nearest hospitals to Camp Blanding (before Army hospital was ready) were in towns 40 to 50 miles away. Contractors had first-aid stations, but many serious accidents occurred on job and on crowded highways, many deaths undoubtedly resulting from inadequate facilities.

Prices.—No attempt by anyone to control prices. A meal in Starke doubled in price without any increase in quantity or quality of food. Later a few restaurants opened closer to camp, but prices were higher than one would ordinarily pay for same food and service in Jacksonville.

Schools and recreational facilities.—Already have acute shortage of school facilities. Trying to remedy situation by securing Federal aid in building of new schools.

Union activity.—Taken part in program to provide better housing. Central labor union represented on committee to secure better school facilities. Local teachers union also active. Representatives of all building-trade unions work closely with employment service.

Pensacola and Panama City.

A $5,000,000 gunnery school is being erected here; housing shortage is very acute.

West Palm Beach.

Population.—Forty-six thousand. Defense program has brought in 3,000 soldiers, 1,000 construction workers, and 500 permanent residents.

Housing.—Possible but difficult to find reasonably priced housing facilities. No rise in rents. Government building 150 defense units. Situation is not overcrowded.

Health.—General and venereal clinics available. No State public-health work, except that now State furnishes serums for use by county and city health units.

Schools and recreation.—Schools are being enlarged, but there is great need for additional recreational facilities.

GEORGIA

Columbus.

Population.—Normally, 45,000. Defense program has brought in about 42,000 soldiers, 3,000 construction workers, and about 8,000 permanent workers. Fort Benning, with normal population of 8,000 men, is now expanded to about 50,000, and 50,000 more are expected within the next 6 months. Estimated 25 percent of the soldiers have wives and children, Columbus being the nearest place for them to live.

Housing.—It is impossible for new workers to find reasonable housing facilities. Rents have gone up 40 to 150 percent. About 1,000 defense housing units have been built, and private capital has built about 500 houses in the $3,000 class. These do not begin to offset the demand. Army billeting office in Columbus estimated property at higher value than working people can afford. People are having to move into cheap and insanitary homes. United States Housing Authority made a survey of Columbus and vicinity and found that rents have increased as much as 145 percent. A representative of Office of Price Administration and Civilian Supply has established a fair-rent committee in Columbus, but not expected to have any weight with the landlords, since it has no authority to impose any penalties.

Health.—No free clinics. New workers are not able to get adequate health service. No expansion of hospital facilities known since start of national emergency.

Hinesville.

Population.—100,000 normally. Since the beginning of the defense program 30,000 soldiers, 1,000 construction workers and 10,000 workers on a more permanent basis have come in.

Housing.—New workers find it impossible to get decent homes reasonably. Some are now living in trailer camps and shacks. Rents have gone up $5 to $15 a month. There is considerable private construction plus 2 housing projects for Negroes and 2 for white residents.

Health.—Have a free general clinic. At present there are no particular health problems needing special attention.

Prices.—General increase of about 10 percent.

Union activity.—Local Trades and Labor Assembly appointed committees, offering full cooperation with local health authorities and with Board of Education. Have no representation on advisory committee to employment service, and feel that they should have such representation.

Macon.

Population.—Seventy thousand. Sixteen thousand soldiers, 8,000 temporary workers, and 6,000 permanent workers have been brought into area by defense program.

Housing.—Still possible to find housing facilities, but in another 3 months it will be impossible unless more homes are built. People are living in trailers, a few in tents, and some are sleeping from 2 to 6 in a room. Rents are up 20 to 45 percent. Private capital backed by Federal Housing Authority is contemplating about 300 homes. Have 2 completed low-rent housing projects and 2 under construction. It is believed that if proposed plans materialize, housing situation will be under control.

Health.—Free general clinic. Service adequate, no particular problem unless it is the possibility of spread of venereal disease.

Schools and recreation.—Schools crowded. Will probably need more recreational facilities.

Prices.—Rents and food prices rising rapidly.

Savannah.

Population.—Ninety-five thousand nine hundred and ninety-six, 1940 census. Sixteen thousand soldiers have come into the area, about 1,000 temporary workers and 1,000 permanent workers. Workers can still find housing facilities, although with some difficulty. Rents have increased about 10 percent in general. The Government has built 2 colored housing projects, 1 white housing project, and there is one project under construction for air base men.

Health.—Have 1 general free clinic. Have some State Public Health work, but no more than before defense program. City's health record is good.

IDAHO

Boise.

Population.—Thirty thousand. Increase due to defense work; 2,500 soldiers, 500 temporary, and 1,000 permanent residents.

Housing.—Rents up about 10 percent. One hundred Government built homes available for Army officers and their families. Have tried to secure United States Housing Authority aid.

Health.—No particular health problems, and no lack of schools and recreational facilities.

Prices.—General living expenses up 15 percent.

ILLINOIS

Rock Island (Tri-Cities area).

Population.—One hundred and fifty thousand, with about 1,500 temporary and 5,000 permanent residents added by defense program. Many workers are living in trailer camps and shacks; it is impossible to get decent homes at reasonable rents. Rent is up 15 to 20 percent. Extensive private construction going on and about 500 units of Government built homes, but situation is still very overcrowded.

Health.—Free venereal clinic. Has State public health work in community.

Recreational facilities.—Insufficient.

Prices.—General rise in prices.

Union activity.—Been active in asking for better health and schooling facilities.

INDIANA

Indianapolis.

Population.—Three hundred and eighty-six thousand one hundred and seventy, with about 20,000 workers of permanent type added by defense work.

Housing.—Rents advanced 5 to 10 percent. Critical shortage of housing facilities, but this is being eliminated by building program carried on by private interests. One of the heaviest programs in the country.

Health.—City hospital operates free general clinic. No expansion of facilities since start of defense work. Trailer camps without municipal supervision present health problem.

Schools and recreation.—Both inadequate to care for increased population.

Prices.—Increases apparently not greater than general for the country.

Union activity.—Not encouraging. School board will not work with labor.

Hammond.

The situation which exists in Hammond is common to all localities in this area. The Federal census of 1940 disclosed the total of 18,652 dwelling units in the city of Hammond, of which only 194, or 1 percent were vacant early in 1940. Before these figures were dry on the printing press, there was not a vacant house to be rented in Hammond, which condition continues to the present time in still greater degree. Numerous families are doubled up and are living in trailers within the city and just outside the city limits, under conditions which cannot be any too healthful, and certainly are not a suitable place for children. Heavy influx of families into Hammond area, and it is impossible for incoming families to find a house in the city. They are finding homes by overcrowding or living in trailers, or unoccupied shacks wherever they can be found. The situation warrants construction of 1,000 new houses in Hammond and environs in addition to several hundred now being built.

IOWA

Burlington.

Population.—Normal, 27,000. Upward of 20,000 workers of all types have come in since the defense program (shell-loading plant).

Housing.—City officials state that there was shortage of housing before construction of this plant. Houses normally renting for $25 to $30 a month now rent for $54 to $65 a month. Rooms in private homes normally $3.50 to $5 for a single room now bring $10 a week, with two or three small beds or cots in each room. Government has built barracks on the site of projects which are reasonably satisfactory, but these do not accommodate any great portion of the workers. Farmers charging $2 a week for space to park trailers. Trailer camps grown up in large numbers around site, with sanitary and other living conditions at their worst. Few new houses being constructed, but rent exorbitant. Transportation facilities are bad.

Schools.—Adequate school facilities next to impossible.

Health.—Doctors and hospitals taxed to limit and working under great handicap.

Prices.—Food and clothing prices have in most instances more than doubled. Prices in Burlington Atlantic & Pacific stores were advanced from 20 to 70 percent.

Union activity.—Organized labor receiving full and satisfactory cooperation from employment service. Real-estate operators successfully defeated unions' efforts to pass enabling act to permit Federal housing projects in State.

KANSAS

Fort Riley cantonment.

During construction, workers had to drive long distances to and from work.

Parsons.

Population.—Fourteen thousand. Carpenters' union estimates that 4,000 men will be employed in the construction work, and after plant is completed (shell-loading plant, $35,000,000), 6,000 men will be employed there.

Housing.—Rents have gone up 10 percent already. There is some talk of new houses, but not many are started as yet. No Government housing. There have never been any great number of vacant houses for rent. Since railroad general offices and shops are located there, increase in railroad employment will add to the shortage.

Health.—Have free general clinic, and some State public health service. Committee is now being formed to consider health problem. Health service is at present inadequate. Report from member of Kansas State Board of Health: "Proper inspection, sewage disposal, and water supply is necessary program for project."

Schools.—School facilities will be strained. School building program has been approved in Washington under Work Projects Administration, but if started at once it will not be finished in time to meet emergency. Suggests speedier program. In the beginning school facilities will be able to care for 1,400 increase without great disruption of school program, but even this will cause many inconveniences, and additional 10 teachers will be needed. No additional revenue can be secured to meet emergency. Tax levy cannot be increased without special legislation. Reduces amount of available moneys to be expended for health units, sanitary engineer, and milk inspection in area.

Wichita.

Population.—One hundred and twenty thousand. Defense program has brought in 1,000 workers of temporary nature; 15,000 with permanent jobs; 40,000 expected by spring (conservative estimate).

Housing.—According to machinists, has several airplane factories operating at capacity under Government contracts, and housing facilities are very inadequate. Almost impossible for workers coming into the area to find decent, reasonably priced homes. Situation is bad but is being taken care of as fast as possible. Government is working on housing project that will care for 400 families, with 1,000 more units being contemplated. Local capital is erecting homes as fast as possible, with probably about 1,000 new residences built in the past 6 months. At present, however, there are no houses available, so workers cannot bring their families with them. All available rooms and basements are rented with 2 to 4 people in every room. Hundreds of basements in the city have from 6 to 12 men sleeping in them, paying $5 and $6 for a bed.

Health.—Do not know of any free clinics. Committee just set up to provide for public-health facilities. New workers can get health service if they can pay for it.

Schools.—Inadequate, but Defense Council is looking into the problem.

Prices.—Outside of rents, prices are still reasonable.

KENTUCKY

Louisville area.

Population.—Five hundred thousand, with increase of 35,000 soldiers, 35,000 construction workers, and about 5,500 production workers.

Housing.—New workers have been living in rooming houses, hotels, tourist camps, boarding houses; in Charlestown, Ind., also in hotels, tourist camps, trailer camps, shacks, and boarding houses remodelled from roadhouses. Rents in area are up about 35 percent. About 2,000 homes are being constructed by Federal Housing Administration and private enterprise, ranging in price from $3,000 to $10,000, with an average of about $5,500.

Health.—Has free general and venereal clinics, and apparently fairly adequate State public health program. Workers who have come into area and cannot get jobs present a health problem. Apparently no provision has been made as yet for expanding facilities to take care of these people. State federation requested improvement in sanitation conditions for Charlestown, Ind., in effort to prevent epidemic during the summer.

Schools and recreation.—Recreational facilities and churches adequate. Schools were overcrowded before influx of new workers and their families.

Prices.—Local press has been pointing to rising prices for commodities and rents.

Union activity.—Unions cooperate with authorities at all times in trying to secure housing, health, and school facilities.

MASSACHUSETTS

Quincy area.

Population.—Two hundred and fifty thousand; 10,000 construction workers and 50,000 workers with more permanent jobs have come into this area since beginning of the defense program.

Housing.—City of Quincy and surrounding communities woefully lacking in adequate and reasonable housing facilities to accommodate workers employed in Fore River shipyards on defense work. Employment at these yards has increased from 9,000 in 1940 to 17,000 by June 1, 1941, and by 1942 it is expected that 25,000 to 28,000 will be employed there. Rents are up 5 to 10 percent. There is some Federal Housing Administration sponsored building and some private building, but no Government-built project as yet. Federal housing projects have been proposed, but the chamber of commerce, the banks, with heavy investments in real estate, and real-estate interests have managed to block labor efforts to secure a defense housing development in the city.

Health.—Have free clinic and some State public health work, but there is no apparent increase since the start of the defense program. Workers are not able to get adequate health service. Hospitals are taxed to capacity.

Schools and recreational facilities.—Generally inadequate.

Union activity.—Subcommittee on housing has been working with city and civic leaders to secure defense housing development for Quincy. Have attempted to get housing authority committee established (in city council), but efforts were unsuccessful.

MICHIGAN

Battle Creek.

Fort Custer has brought complicated problems of housing and school facilities.

Bay City.

Population.—Normally 75,000. Only about 200 construction workers and 50 permanent families have come in so far.

Housing.—Have not had any defense work to speak of. Nearest defense job is in Midland where there is a housing shortage. Majority of men on that job live in Midland, Saginaw, or Bay City. No housing shortage in Bay City, although a few men live in trailers.

Health.—No free clinics. Have city and county public health program.

Detroit.

Population.—One million five hundred thousand; 2,000 soldiers and 2,000 construction workers plus an unestimated number of production workers.

Housing.—Rents up $10 to $15 a month. There is quite a boom in poorly built and much overpriced residences. Government has built two large projects, both already occupied. Overcrowding chiefly in slum areas.

Health.—Have free clinics and some State public health work, although it is still inadequate. In outlying areas, Warren Township, and Macomb County sewage-disposal-system, garbage-collection, and other sanitary services are badly needed.

Schools.—Schools are very overcrowded. All classes are too large; some of them run in two divisions, morning and afternoon.

Prices.—All foodstuffs and rents unusually high.

Union activity.—Detroit and Wayne County Federation of Labor has tried for years in every possible way to improve these conditions. Labor people are serving on all committees concerned with housing, schools, health, etc., and are doing a good job of representing working people generally.

Macomb County.

The new Chrysler tank plant in this county brought problems of providing adequate sanitation, housing, school, and transportation facilities.

Muskegon.

Defense work has led to difficulties in housing and schools. Federal housing project of 300 units will help situation, but employment there is at all-time peak and will contiuue to go up. Local community is unable to provide these facilities without Federal aid.

Pontiac.

Population.—Eighty thousand. Expect 100,000 by fall.

Housing.—Impossible now for workers to find decent homes. Are now living in trailer camps, lake cottages, and are doubling up with other families. Rents have gone up $10 a month. About 200 housing units built over past year with help of Federal Housing Administration. Now have only 17,600 units. Will need at least 10,000 more by fall.

Health.—No free clinics. Some State health work, but very inadequate. No free health service for workers.

Schools.—Will be crowded into temporary shacks within a year.

MISSISSIPPI

State.

Housing.—In some case as many as 15,000 to 20,000 workers have gone to one defense project, a large number of them living in trailer camps and tents. Rents are higher than last year.

Health.—Apparently few free clinics in any of the defense communities; probably inadequate services for increased population.

Schools and recreational facilities.—Very inadequate.

Pascagoula.

Population.—Fifteen thousand, with 3,000 temporary and 4,000 permanent added by defense program.

Housing.—Impossible for new workers to find adequate homes. Employees of Ingalls Shipbuilding Corporation have had to seek homes as far away as Mobile, Ala. (40 miles). Rents on some homes have gone up from $5 to $35 a month. There is some private construction and a naval housing project to provide 700 homes. From 3 to 6 people now sleep in one room.

Health.—Have free general clinic. Had some State public-health work before defense program. Public-health service available to all people of county. Have a health doctor and two nurses.

Schools.—School facilities just about one-half of what they should be. Classrooms are overcrowded, and there are not enough teachers.

Prices.—Rent, groceries, and clothing have all gone up in price.

MISSOURI

Camp Leonard Wood.

At peak, employed 35,000 men. Housing conditions were the worst possible Located 85 miles from a city of any size; workers lived in all conceivable types of housing, including pup tents, trucks, and a few rooms in Waynesville, 8 miles from the camp, where as many as 10 men were crowded into rooms designed to accommodate 2. Men were compelled to pay four or five times regular rates. Workers wanting reasonable accommodations for their families sometimes had to live from 50 to 60 miles from the project. There was no sanitary system in the vicinity of the camp. It was a miracle that no epidemic broke out. This project is now nearing completion, but many of the men are now transferring to the O'Reiley Hospital project at Springfield, where housing conditions are very bad, with only about 50 vacant houses in the city.

Kansas City.

Two major defense projects, with about 6,000 men employed, the majority of them living in the area. There is a shortage of residences in the city, and real-estate men have raised the rents on the few available houses. Have just passed a housing bill which will permit Kansas City to secure Federal funds for proposed projects.

St. Louis.

Has 3 major plants under construction, employing about 10,000 men, the majority of which are St. Louis residents. St. Louis and the county have built a large number of homes during the past year. Three large Federal housing projects have been started to accommodate 2,000 families.

NEBRASKA

Omaha.

Population.—About 300,000. Only 50 construction workers brought in as yet. Not much need of outside labor so far, since the slack around there has not yet been taken up (bomber assembly plant at Fort Crook).

Schools.—By fall, enrollment in elementary schools of Omaha and adjoining towns will be increased by about 5,330. Schools will have facilities for only 2,725 of these.

Union activity.—Have a member on regional defense committee appointed by the Governor and on the subcommittee of labor and employment.

NEW HAMPSHIRE

State.

There is a terrible shortage of houses. Many workers travel 50 to 60 miles to work at the navy yard and on housing projects. Some of the houses have no modern conveniences, and rents are very high. Schools in the cities are good, most of them modern. There may be some overcrowding in defense areas but not to any great extent.

Manchester.

Population.—Forty-five thousand. Additional, 1,500 soldiers, 1,000 construction workers.

Housing.—There is room for improvement in the housing situation. Houses are old and have no modern conveniences. Homes in rural districts have no modern bathrooms, no electric light or gas, and no running water. For a short time men had to live in trailer camps, but defense work in the area is now completed. Main problem is high rents, all out of proportion to desirability of house, location, and facilities provided. No Government housing and little private building. Overcrowding is not yet the problem so much as decided tendency toward profiteering.

Health.—No free clinics or first-aid stations near defense projects, and no free venereal clinics available to working people. Lack of any free hospital service.

Prices.—Rents up as much as 65 to 75 percent. Unusually high prices for almost all commodities. Actual living costs of production worker are much higher than in his former community.

Union activity.—Union has no representation on any of the housing, health, or school committees. Have representation with State employment service.

NEW JERSEY

Elizabeth.

Population.—Two hundred thousand, with 5,000 workers brought in by defense program. Millions of dollars' worth of contracts let in this area, and when work gets under way on these there will be need for additional housing.

Housing.—One company will be taking on 1,500 employees, for whom there will be only 25 houses available. There are two low-rent housing projects in this area, both fully occupied. Have applied for another United States Housing Authority project. Rents are up about 10 percent. Private construction has consisted chiefly of one-family dwellings for sale.

Health.—Have a free general clinic. State public health work has not been expanded since start of defense work, but new workers can get adequate health service with existing facilities. No particular health problems.

Schools and recreational facilities.—Inadequate in smaller towns of Union County.

Union activity.—Representation on health and school boards and on Elizabeth Housing Authority.

NEW YORK

State.

Report of housing division of State government.—State division of housing instrumental in initiating housing vacancy surveys in all of the important industrial areas of the State. Returns to date, with one exception, show vacancy ratio below danger line (3 to 5 percent). In Buffalo, Niagara Falls, and North Tonawanda conditions of acute shortage indicated, particularly in low-rental range. Rent increases reported in several cities. Government building: 800 to 900 units assigned to Buffalo, about 300 to Niagara Falls, about 200 planned for Elmira. Housing problem in Oswego due to colored regiment of National Guard stationed there. Commissioned officers desire apartments in the city for their families. Homes at reasonable rentals are difficult to find. No quarters are available for housing colored visitors over week ends. Pine Camp in Watertown has thrown tremendous load on housing accomodations, because most of the officers' families live in the city.

Buffalo.

Population.—About 2,500 construction workers have been brought in by the defense program; 25,000 production workers are expected by January 1942.

Housing.—Men are living in substandard buildings and families are doubling up. Rent has gone up about 10 percent. About 2,500 privately constructed homes have been built outside of the city. The new workers wish to live in the city. Also, wages of defense workers are not high enough for them to buy or rent homes from private contractors. To date 1,000 housing projects have been approved for the area—200 in Lackawanna and 800 in Buffalo. So far, there are no temporary camps or barracks, but will be soon when plants are in full production. It is impossible at the present time for new workers to find living quarters in this area.

Health.—Have free general clinics, and State public health work. Other health problems will arise if adequate housing facilities are not provided.

Union activity.—Took matter up with Mr. Palmer last September; telegraphed President Roosevelt January 8; called situation to the attention of Congressmen and Senators repeatedly.

Elmira.

Population.—Fifty thousand; about fifty construction workers and 200 permanent workers brought in by defense program.

Housing.—Rents have been increased $6 to $10 a month. Government building 200 houses. Influx is not yet great enough to cause serious situation, but defense program has only just started.

Health.—Have free clinics, public health nurse services, preschool and schoolchild age clinic. Free city doctors; free dental service and hospitalization. However, sewage lines near housing projects inadequate.

Union activity.—Took active part in securing housing project.

Schenectady.

Population.—One hundred twenty-five thousand. Defense program has brought in about 3,000 new workers.

Housing.—About 290 housing units were available in May, half of them of slum character. Banks decline to finance housing, and there are as yet no Government-built homes. A minimum of 1,000 units will be required to take care of the 5,200 employees to be taken on by General Electric before October. Eight hundred additional men are to be employed by the American Locomotive Co. The housing situation will be acute by fall unless 1,000 to 2,000 new units are constructed by that time. Unions have agitated for State housing project but realtors bitterly oppose it.

Health.—Free general clinic, but no public health provisions except municipal. Health conditions are excellent, with no special problems at present.

Schools.—No lack of schools, recreational or church facilities.

Prices.—No higher than remainder of State.

Union activity.—Union cooperates with local authorities, and has representation on local housing authority.

NORTH CAROLINA

Fayetteville.

Population.—Seventeen thousand four hundred and twenty-eight. Sixty thousand soldiers brought into the area, 28,000 construction workers, and 5,000 permanent residents.

Housing.—Workers on construction jobs have lived in trailers, tents, and shacks. It was impossible for workers to find homes at the peak of construction. Rents have gone up 100 percent. Very little private construction. Government is just finishing defense housing project of 558 units to be used by noncommissioned officers. Practically everyone turned homes into rooming houses, with as many as 6 or 8 men in a room. Some could not get any rooms, and had to travel as much as 160 miles a day to get board and room. Rent is very high, as someone is always willing to pay a little more in order to get a house.

Health.—No free general clinics. There is some State public health work.

OHIO

Youngstown.

Homes and rooms are very scarce. There is one slum clearance project. Tried to get another but were not successful. Rents are very high.

OKLAHOMA

State.

Two major defense projects are just getting under way in Oklahoma City and Tulsa. Probably, however, these will not place great strain on the facilities of these two cities.

Lawton.

Population.—Normally about 18,000; is now estimated to be about 24,000 and about 24,000 soldiers at the fort. About 6,000 soldiers have come in, 2,000 temporary workers, and 1,500 permanent workers.

Housing.—Many workers travel from 10 to 50 miles daily to obtain living quarters. Will be more acute situation in the near future because of oil boom in Apache. Many of the workers live in trailers located on residence lots in the town; also in cheaper rooms and houses on the outskirts of Lawton, but rooms and apartments are hard to get and especially at a price the working man can afford. Rents are up 40 to 45 percent. Four hundred homes are being constructed privately and 150 are being built by the Government for Army personnel. Anticipated that shortage will become even more acute.

Health.—Have a county health clinic, and have had State public health work in the community intermittently. The county health clinic is probably overtaxed. There is a lack of sanitary conveniences for transients.

Prices.—Gasoline is about 3 cents a gallon too high. Taxi fares have been raised from 10 cents to 15 cents for town trips, and raised about 15 percent for other trips. All staple goods have gone up in price.

Schools and recreational facilities.—Schools are about 20 percent deficient, and recreational facilities about 75 percent below what they ought to be.

Union activity.—Union and employment service cooperate to fullest extent in matters pertaining to the welfare of the workers.

OREGON

Portland.

Housing.—The situation is not yet acute, but can become serious with increase in population. More private building is going on than last year.

Health.—Free clinics and State public health work. About $25,000 has been spent for Portland and Multnowah County. Portland spends about $270,902 for health work. Workers can now get adequate health service but increase in population may bring difficulties. Industrial hygiene activities are not provided for. Other standard health services may have to be expanded.

Union activity.—Unions are very active in trying to secure better housing, health service, schools, etc. Have representation on advisory committee to the employment service.

PENNSYLVANIA

Chester.

Population.—One hundred and fifty thousand (in 6-mile radius). About 600 construction workers have come into the area; no figures available as to number of permanent residents added to population by defense program.

Housing.—About 100 families living in trailers. Rents up about 15 percent. Situation becoming very overcrowded. Have 1 United States Housing Authority project of 350 family units near completion, but slowed up by a political housing authority.

Health.—Have free general clinic and public-health work in the community, but no additional facilities since beginning of defense program. No particular health problems as yet.

Union activity.—Do not have local advisory committees to employment service, but secretary of the union is employed at Chester office of Pennsylvania State Employment Service as supervisor of interviewers.

Harrisburg.

Population.—One hundred and seventy-three thousand, three hundred and sixty-seven. Defense program has brought increase of 25,000 soldiers and 5,000 construction workers. Some of the men have been living in substandard houses, and others have been doubling up. Figures compiled by Harrisburg Housing Authority: Expected increase in workers, 8,000 to 9,500; 435 vacant dwellings in the city, 40 percent of them substandard; 400 defense homes in Middletown, and 1,500 rooms.

New Brighton.

Population.—One hundred thousand. Rents up about 10 percent. More private building than for past 12 years. No defense work in this area. Have just started on housing project.

Health.—Apparently no defense activity in this area, and no particular problems involved.

Philadelphia.

Population.—Metropolitan Philadelphia, 2,898,644; Philadelphia, 1,931,334. Conservative estimate of additional workers brought in by defense program, 150,000. Twenty-five thousand families chiefly in low-income brackets will have to be housed this year at rents between $25 and $35 a month. It is still possible, but difficult to find decent housing, but Philadelphia is not "in production." Some families are living in trailer camps. At present, workers are commuting long distances, and rents are rising. Substandard buildings are being reoccupied and decent homes are being overcrowded. Workers will soon be forced to purchase homes they cannot afford or will have to go elsewhere to work. Private construction is estimated at about 6,000 units, and the Government has allocated funds for 3,400. Estimated that total need for additional family accommodations equals 28,500 (includes normal increase of 3,500 families). Total supply of family accommodations, 20,400. Leaves net deficit of 8,100.

Health.—Has free general clinic. State public health service provides treatments for venereal disease and pneumonia; has added no new service since start of defense program, and new workers cannot get adequate health service. Problems of tuberculosis and communicable disease expected to be most serious. Existing facilities are inadequate even for normal population and lack of municipal funds makes expansion difficult if not impossible.

Pittsburgh.

Population.—One million, nine hundred thousand; since defense program started 2,000 construction workers have come into the area; and 30,000 workers with more or less permanent jobs.

Housing.—Impossible for workers to find decent, reasonably priced homes. They are living in trailer camps, tents, barracks, shacks, box-cars, and in all available substandard houses. Rents are up 15 to 25 percent. There is no private construction of homes within the income limits of the workers. Five thousand Government defense housing units to be built starting July 5. Trailers have been brought in for steel mill sections.

Health.—Have free clinics. Overcrowding in steel mill areas apt to result in epidemics of flu and other contagious diseases.

Schools.—Not available near new defense housing projects.

Union activity.—Organized a county-wide housing committee.

RHODE ISLAND

State.

Population.—Seven hundred and thirteen thousand three hundred and forty-six. About 5,000 construction workers and about 10,000 permanent workers have come into State since start of defense program.

Housing.—Not impossible to secure housing facilities, but workers on defense projects have been forced to live in summer cottages because of lack of all-year-round residences. After September, permanent winter quarters will have to be found for hundreds of families so located. Rents up about 10 percent for new residents. Boom in private construction throughout the State and Government housing projects are being constructed in most of new defense areas.

Health.—Highly organized State program operated by health department. Workers can easily get adequate health service.

Schools.—Government is arranging for sufficient schools and teachers in most crowded sections.

SOUTH CAROLINA

Charleston.

Housing.—Has been shortage for several years—become acute during past year. Thousands of workers and families have moved into vicinity. Houses and apartments at reasonable prices not to be found. Many families are crowding up in trailers, tourist cabins, and any place providing measure of shelter. Several hundred apartments being constructed—will help, but will not by any means solve problem.

Health.—One of most pressing problems—hospital in navy yard area.

Schools.—Need assistance for schools which are not in condition to care for expected enrollment increase.

Union activity.—Have been trying to obtain Federal assistance to relieve the situation. Feel they should get it since condition is caused by defense program, and much of it will be comparatively short-lived.

Spartanburg.

Population.—One hundred and twenty-seven thousand seven hundred and thirty-three. In addition, 15,028 soldiers and about 8,000 workers with permanent jobs have been brought in because of defense program. Most of the temporary workers have left.

Housing.—For people moving into the area rents have gone up 40 to 75 percent, while people remaining settled have had rents increased about 10 percent. A large number of privately constructed new homes are going up. Two hundred and seventy units of Government-built homes for low-income groups have just been completed, and 125 units for Army personnel will be ready soon. Homes are overcrowded, and substandard buildings are being used. In a few instances rents have doubled, although this is the exception.

Health.—Free general clinic. County health department has increased its personnel since the start of defense work. Does not consider that problem has increased since defense program.

Schools and recreational facilities.—High school is overcrowded, recreational buildings are inadequate.

Prices.—Not up more than the general trend.

Union activity.—Unions are cooperative. They took the initiative in securing low-rent Federal housing projects.

TENNESSEE

Memphis.

There is little defense work in or near Memphis, and adequate housing facilities for any increase they are likely to have. In Milan (near Wolf Creek ordnance plant), the situation is more serious. One enterprising gentleman bought abandoned streetcars in Nashville, and brought them near Milan to rent to workers in the plant. Houses with proper sanitary facilities should be put up for the protection of these workers and of the community as a whole.

Nashville.

Population.—Two hundred and fifty-seven thousand. About 2,000 permanent workers brought in by the defense program.

Housing.—Workers required to share living facilities with other families. Rents have risen $2.50 to $5. About 700 Federal Housing Administration financed homes are under construction to rent from $30 to $45, plus 300 Lanham Act homes and 180 defense homes. There are now trailer camps for 350 and dormitories for 200 persons. The present program is expected to provide adequate housing.

Health.—Have free clinics and State public health service. New workers are able to get adequate health service.

Schools.—Davidson County needs assistance in providing additional grammar-school facilities, and Nashville itself needs help in providing adequate high-school facilities.

Tullahoma.

Population.—About 30,000 soldiers have been added to the population of the area since the beginning of defense program; and 12,000 to 15,000 construction workers have come in.

Housing.—Impossible for these workers to find decent homes. Some have been living in boxcars, barns, churches, tents, shacks, while others have slept in the streets. New workers have had to pay three or four times as much as was normally charged for accommodations. Little private building and no Government housing project.

Health.—No free clinics. Some State public health work in Chattanooga (over 50 miles away). Now have combined city-county health unit in Chattanooga. New workers cannot get adequate health service.

Prices.—Everything has risen.

Union activity.—Central body working closely behind authorities for action on housing, health services, etc. Have no representation on the advisory committee to the employment service.

TEXAS

State.

Housing.—Housing is fairly satisfactory in some areas; El Paso and San Antonio had little difficulty in securing living quarters for workers. But difficulty was experienced in Abilene, Mineral Wells, Palacios, Freeport, Orange, and many other points. Workers have been forced to accept any available accommodations; have in many instances been unable to secure anything and have slept in the open without any shelter or any sanitary conveniences. Some have had to commute as much as 60 to 70 miles to work. Outrageous rates charged in Brownwood and Corpus Christi for sleeping accommodations. Houses ordinarily renting for $20 a month now rent for $60. Workers have paid as high as $60 a month to sleep two in a bed (Brownwood area). Complaints from Abilene and Mineral Wells that men are being charged $3 a day to sleep on a cot in a tar-paper shack. Considerable private construction near defense projects, particularly near large cities. Few Government housing projects at Grand Saline, San Antonio, and El Paso.

Health.—Free clinics, both general and venereal, operated in connection with State health service in all large communities. Very little, if any, however, in rural areas. State health department has been granted additional appropriations for this work. Workers can get adequate health services if they can pay for it. Have been informed that department of industrial hygiene, supported in the main by Federal Government, is to be curtailed in Texas. Would be very detrimental to the people of the State. Urge that program should be extended, or at least maintained at present standard. There have been special problems in connection with defense projects including adequate supply of drinking water and decent sanitary facilities.

Schools.—Have had little difficulty here as yet, since during construction program most workers left their families at home. But it is becoming increasingly acute. Additional funds have been allocated to extend facilities where necessary.

Prices.—Prices of commodities, services, and rents exorbitant where defense projects were placed near small communities. Larger cities have absorbed additional population without any serious rise in price schedules.

Union activity.—Have local housing committees cooperating with housing authorities; also have representation on most housing boards. Have been successful in passing legislation permitting counties in sparsely populated areas to sponsor housing programs. Too new to show concrete results as yet. Building trade unions have been most active. Do not have advisory committee to State employment service. But State administrator and offices throughout State cooperate wholeheartedly with organized labor—render excellent and friendly service.

Corpus Christi.

Population.—Ninety-six thousand normally. Seven thousand additional temporary workers and 20,000 with permanent jobs have come in to work on defense projects.

Housing.—Impossible for these men to find decent homes. Living in tourist camps, trailer camps, tents, shacks, and automobiles. Rents have gone up 75 to 200 percent. There is some private construction, but not enough, and some Government defense housing.

Health.—One free general clinic. State public health work insufficient.

UTAH

Salt Lake City.

Population.—Two hundred thousand. Eight thousand men on temporary basis and 8,000 permanently. Ten thousand soldiers. Difficult to secure decent homes; some men live in trailers and camps. Rent up 15 percent. Free general clinic. Inadequate service, but general health conditions good.

VIRGINIA

Portsmouth.

Population.—Fifty thousand. About 25,000 more brought in by defense program.

Housing.—Good housing facilities difficult to obtain. Four Government housing projects of about 1,000 units have helped the situation some, but rents in one of these are too high compared with private and real-estate rentals. New workers have to pay at least 15 percent higher rent (conservative estimate). Private home construction has continued at rapid pace. Defense workers have been able to pay small down payment and build their own homes as cheaply as they could rent.

Health.—Have no free clinics nor any State public health service. Workers not able to get adequate health service.

Schools.—Badly crowded.

Prices.—Material increase in commodity prices and rents.

Union activity.—Officers and members of central labor union frequently appear before the city council in effort to improve living conditions. Have no representation on advisory committee to Employment Service.

Radford.[1]

Population.—Has been doubled by defense program.

Housing.—Very bad housing shortage. Workers have to live in tents, trailers, and shacks, or travel miles to work (3,000 to 4,000 of them live in Roanoke, 50 miles away). Rent has doubled, and prices have gone up so high that many workers have quit their jobs and gone home. One worker had to pay $65 for 2 rooms over an old storehouse. Condition is somewhat better, but there is a real job to do here before winter. Workers are "living like hogs." Some private building in area, but rents too high for workers.

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[1] Information submitted by Roanoke central body.

Prices.—Have gone up so high in the area that wage increases have not benefited the workers.

Williamsburg and Fort Monroe area.

Population.—Fifty thousand. Brought in by defense program: At Regular Army posts, 25,000; construction workers, 15,000; permanent, 3,000. Has been an increase of 30 to 50 percent in rents. About 1,000 small homes have been built in this area. Rents are too high for the average worker.

Health.—Have no free clinics and very little State health work. Health problems arise from lack of sanitary sewage system.

Schools.—Not prepared to care for more pupils.

Prices.—Rents and commodities very high.

WASHINGTON

Bremerton.

Population.—Thirty thousand. Ten thousand temporary and 2,000 new permanent workers. Rents are up 75 percent. Although there is an enormous increase in building, people are compelled to live in trailers, made-over garages, and anything that has a roof. Government-built homes include about 1,500 units, and single men's dormitories.

Health.—No free clinics. No State public health work, except State health representatives for restaurant inspection work.

Schools and recreational facilities.—Acute shortage of schools and recreational facilities. School board has made application for Federal and State funds.

Prices.—Living expenses increased tremendously.

Tacoma.

Population.—One hundred and fifty-six thousand before defense program; now have 45,000 soldiers at Fort Lewis and McChord Field; were about 4,000 building tradesmen employed during construction of these 2 camps. Estimated that defense program has brought at least 10,000 fairly permanent residents, many employed in new shipyards. At start of defense program in this area, thousands of workers came in from all parts of the country because of publicity overstating number of workers needed.

Housing.—While construction work was under way it was impossible for workers to find decent homes, and it is still difficult. During construction program workers lived in trailer camps, tents, shacks, etc. It is estimated that rents have risen 14 percent for the average worker's home. Been steady increase in building permits since first of year; 106 issued for June. Housing committee considering million-dollar program—not yet adopted.

Health.—City conducts a free general clinic. Have no State public health work, but workers are able to get adequate health service.

Schools.—Some lack of primary and secondary schools and of recreational facilities.

Union activity.—Unions have been active in demanding better health service, housing and school facilities. Have members working on committees connected with these matters.

WEST VIRGINIA

Charleston.

Population.—One hundred thousand normally. Defense program has attracted 5,000 construction workers and 10,000 permanent residents.

Housing.—Impossible to get homes at reasonable rent. Three and four families live together because of 30-percent increase in rents. Private construction—jerry-built real-estate developments; 450 units built by Navy Department for naval ordnance plant.

Health.—Free venereal clinic. General health provisions are very inadequate. Hospitals are overcrowded. Overcrowding of schools presents health hazard. Most serious problem is lack of uniform pasteurization laws; inspection is inadequate, and an epidemic may be expected.

Schools and recreational facilities.—Almost no recreational facilities and schools are overcrowded.

Prices.—Prices of food and rent rising rapidly.

WISCONSIN

Manitowoc.

Population.—Forty-five thousand. Defense program has brought in 350 construction workers, and more are coming in.

Housing.—People living in trailer camps, but new city ordinances are forbidding this. Rents up 20 percent. Since January 1, 1941, 60 permits issued for private construction. There is a Government project of 400 units. There is no shortage of houses, but a real shortage of houses at a suitable rent.

Health.—Have free general clinics. No additional State public-health service since defense program started. No pressing health problems as yet.

Schools.—May be shortage of school facilities.

Union activity.—Unions have taken active part in securing housing facilities. Are working 100 percent with Federal authorities on the 400-home project.

SUPPLEMENTARY STATEMENT BY WILLIAM GREEN PRESIDENT, AMERICAN FEDERATION OF LABOR

INITIATION FEES

Sensational headlines heralding discoveries made by newspaper reporters, of exorbitant fees collected by unions on defense projects, have given currency to many outright falsehoods and deliberate misrepresentations of existing practices.

On several projects where all dealings with unions were solely in the hands of the contractors the reporter assigned to cover the story would base it entirely on an interview with the officer in charge, whose knowledge of the situation had been acquired only at second or third hand. No attempt to verify the true facts by checking them with the contractor or with union officers was made in many such situations.

As a result, a few isolated cases of improper practices on the part of business agents have been misrepresented as typical, widespread, and continuing practices. As a matter of fact there were a few exceptional instances of either mismanagement of the union affairs or ill-advised, or, in two or three instances, dishonest administration of local union policies.

Similar misrepresentations have been spread on public records and given wide publicity by the testimony of men who seized upon national defense as their opportunity to attack all unions. These charges are false and must not be allowed to stand. The full record of union policies on the defense program proves them to be the product of organized slander and falsification which is a part of a concerted attack upon organized labor.

What is the record? What are the facts? Why are initiation fees charged by unions and dues collected by them? What are the services performed by unions for their members and how are these services financed?

BENEFITS

It is the purpose of the American Federation of Labor unions to unite the wage earners into trade and labor unions in order to protect and advance their wage and working conditions and to secure for them the recognition and maintenance of the rights to which they are entitled. The standards established in American industry reflect what the organized labor movement in America has accomplished over a period of several generations.

The individual workers through the local union, and individual local unions through their national organization can achieve what neither the individual local nor the individual worker can do alone. Organization of other workers in the same trade or occupation results in the improvement of standards in the unorganized portions of the trade and industry and adds to the collective bargaining strength of each worker and each group of workers. By joining the union each worker assumes the willingness and the responsibility for furthering the work and the cause of his union, his national organization, and of the entire labor movement. That contribution he must make by the payment of his initiation fee upon induction into his union and through the payment of monthly dues.

A new member entering trade-union ranks becomes a beneficiary of the many gains already secured and established by his union over a period of years. He becomes a part in the continuity of that heritage of which his union organization is a guardian. The payment of the initiation fee thus represents the new worker's contribution toward that sum total of struggle, endeavor, and service which makes it possible for him to enjoy automatically the benefits of short hours, better wages, and improved working conditions.

AN INVESTMENT IN ECONOMIC SECURITY

In addition to all these things the initiation fee and the monthly dues paid by the new member represent an investment by him not only in the economic security which is given greater assurance by the united strength of his fellow workers, but also in the security which he derives from the benefits which he will receive from his union in case of sickness, unemployment, or disability, and which his family will receive in case of his death. This very important aspect of the initiation fees has been completely ignored by those who have sought to focus public attention through the public press on their own ignorance and destructive criticisms of organized labor.

In the past 14 years the reported benefits paid by national and international unions of the American Federation of Labor amounted to $450,000,000. This sum does not include benefits paid out by local unions in organizations in which benefit funds are administered solely on a local basis. Had these benefits been included the total amount paid out by the American Federation of Labor unions during this period of economic instability would have approached a billion dollars.

One of the basic purposes of self-organization of workers into unions within the ranks of the American Federation of Labor is to provide these workers with some measure of economic security. The hazards of sickness, disability, unemployment, and old age are the hazards which the workers could better meet by pooling their resources in order to maintain benefit payments. In the course of the last depression the American Federation of Labor unions through their resources were able to make an enormous contribution to its members in their fight against economic insecurity, against privation, and often utter destitution.

BACKGROUND OF SOCIAL-SECURITY LEGISLATION

The long depression such as we have had has fully demonstrated that protection against economic hazards cannot be sustained by the labor movement alone. The economic risk is one which must be shouldered by employers and by the entire community. Labor, therefore, sought and achieved the enactment of social-security legislation which has made possible a measure of protection by the community, of the workers' welfare against insecurity. But to the extent that the social-security program does not fully meet the needs of workers and their families for protection against economic dislocation and against hazards of sickness, old age, and death, the labor movement has a continuing responsibility toward the wage earners which it cannot forego.

Additional benefit payments provided by local unions are especially important. Their importance lies in the fact that almost without exception local unions which charge higher initiation fees and higher monthly dues than the average do so because these assessments make it possible for the local to provide larger benefits and render greater service to each member.

BENEFITS TO TRANSIT WORKERS IN CHICAGO

Let me give you an illustration. In Chicago, union streetcar men, bus drivers, conductors, and other members of the Amalgamated Association of Street, Electric Railway, and Motor Coach Employees received during 1940 a total of $287,121.08. This represents the payment of disability, old age, and funeral benefits out of the international as well as local funds. To take a typical example: John Haadley, a member of Division 241, received $800 in old-age benefits in 1940; $600 was paid by the international and $200 by the local.

In the case of death benefits, the international pays $800 and the local $200, so that the family receives $1,000 from the union. In this case local benefits are smaller than those paid by the international. In other instances the locals shoulder the major burden of benefit payment. In the printing trades, for example, the International Stereotypers and Electrotypers Union of North America paid in 1939, $298,316 in unemployment benefits which were handled by local unions only. The union also paid death, sickness, disability, old-age, and other benefits which totaled $455,591 in that year.

The International Photo-Engravers Union of North America paid nearly a million dollars in unemployment benefits and its total benefits paid in one year amounted to $1,259,000.

A. F. of L. Unions' Policies on Initiation Fees in Defense Work

With the rapid increase of defense activity the rate of reemployment of workers on defense production and defense construction was greatly accelerated. These developments have created new problems of administration within the ranks of the trade-union movement.

As a general rule, national and international unions of the American Federation of Labor make in their constitutions specific provision governing the rate of contribution by local unions to the international which is necessary to sustain the operating expenses and benefit payments of the international. Exact amounts of initiation fees and of monthly dues are determined by local unions themselves. In some instances the prevailing practices of local unions represent arrangements established a number of years ago which have remained unchanged during the recent years of depression and unemployment.

The nature of defense work, its temporary character, and the economic status of the unemployed nonunion worker seeking defense employment have created a need for modification and revision of these policies in a number of instances.

MISINFORMATION AND ATTACKS

An impression has been created that all workers securing employment on projects operating under union contracts have to pay initiation fees. As a matter of fact, if the project is operated under a union agreement that in itself necessarily means that those employed on the project are almost entirely workers who are already union members. These workers as a rule are either members in good standing, or inactive members who carry an "unemployed" card which is issued in evidence of their continued membership and eligibility for employment on work done by union agreements.

Attacks upon labor alleging assessment of high initiation fees have been directed mostly at unions in the building and construction trades. Almost without exception they were directed at classes of workers who are highly skilled building mechanics in the trades almost completely unionized by the American Federation of Labor.

Anyone even superficially familiar with labor in the building and construction industry knows that these skilled mechanics have to serve an extended period of training and apprenticeship in order to develop the skill and acquire their status of eligibility for employment on defense work. The often-repeated story of thousands upon thousands of unemployed workers who emerge from nowhere as full-fledged skilled tradesmen seeking jobs on union projects is pure fantasy. Almost without exception the initiation fee requirements have been fulfilled by building tradesmen while they served the apprenticeship in their trade, and the initiation fee has been paid by them over a period of several years.

There have been cases of nonunion workers applying for work on projects covered by union agreements who have no union status and seek to become, or are required to become, union members. The number of workers in this category is obviously small. But the building and construction unions have appreciated the necessity of making special arrangements to develop a fair and equitable policy toward this class of workers.

CIRCULAR LETTER OUTLINING POLICY

Let me cite a few examples of what the national and international unions in building trades have done to achieve this end. On December 5, 1940, the International Hod Carriers', Building and Common Laborers' Union of America, as a result of the action of the executive board, addressed a circular letter to all officers and members of its local unions. This letter informed the locals that the general president had been invested with emergency powers to deal with any local situation threatening to hamper or retard defense projects. President Joseph V. Moreschi stated the policy of the international union with respect to initiation fees in the following terms:

"One of the outstanding matters on which I will act in accordance with this resolution is the question of initiation fees. Numerous stories have appeared in the press charging that local unions affiliated with this international union have levied exorbitant initiation fees and excessive down payments against workers seeking membership in the union in order to qualify for jobs on defense projects.

"I believe these reports have been greatly exaggerated, but in any case, we regard such action by local unions as an unwarranted abuse. We will not tolerate it.

"Under the powers now vested in me by the executive board, I will issue orders that no prohibitive initiation fees will be permitted and that no excessive down payments can be exacted.

"Because of varied local conditions and differences in pay rates, it is impossible and impractical to set a fixed initiation fee on a Nation-wide basis. The ceiling will be based on local wage rates and conditions. In all instances it is my intention to issue orders that no man desiring to join the union where jobs are available should be required to pay an initiation fee higher than $25 and then only when his earnings are at a rate of more than 80 cents an hour. The fee will scale down to as low as $2 in some instances where pay rates are lower. In this connection, I wish to point out that the minimum initiation fee hitherto provided for in the laws of the international union was $5 and the maximum $50.

"Furthermore, I will provide that a man joining the union will be permitted to pay his initiation fee out of earnings, so that no hardship will be imposed on workers taken off relief rolls who may not be in a position to produce the money in advance.

"I have emphasized the matter of initiation fees because most of the criticism directed against the union in the press has harped on this theme. I wish to point out, however, that I am empowered to act in 'all instances of unreasonableness, abuse, or restraint on the part of any member of affiliated local union' in the defense program and I hereby serve notice that I intend to exercise these powers to the fullest so that we can give the Government every help and cooperation in the defense program.

"Your local union, its officers and members are therefore hereby officially advised, in all their actions, to conform, comply, and be guided by the above statements in order that the individual, national, and mutual welfare of all may be best preserved, protected and promoted."

President Moreschi was empowered by his executive board with "full authority to take such action as may be necessary" in the event of noncompliance, "in order that the welfare and interest of the membership of this international and the people of the United States of America as a whole might be protected and preserved."

RESOLUTION OF TEAMSTERS ON REASONABLE DUES

Another example of such action is the resolution adopted by the general executive board, on January 30, 1941, by the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America. The declaration unanimously approved by the general executive board of this international was as follows:

"Because of the fact that considerable adverse publicity has been given to the trade-union movement by certain governmental agencies, newspaper columnists, and magazine writers, and because of this certain contemplated legislation may be enacted regulating the affairs of labor unions relative to fees charged by local unions, which action would be seriously detrimental to the interests of the labor movement; and

"Because of the fact that great stress has been placed by the above-named publicity agencies on these matters, which has created considerable agitation amongst the legislators in State and Nation;

"It is declared opinion and expression of the general executive board of the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers that dues of organizations should be reasonable, and that initiation fees should be held down as much as possible, so that adverse, harmful charges will not be directed against the International Brotherhood of Teamsters.

"It is our opinion that wherever possible the initiation fee should be limited to $25 but under no circumstances should it exceed $50; that arrangements should be made for payment of same by installments where necessary by those coming into our organization; and that where local unions have sick, death, and unemployment benefits attached, these benefits should be arranged to meet any reduction in revenue obtaining as a result of putting into practice the above requirements.

"It is further stated by the general executive board that while the international constitution places no limit on dues if they are within reason, except that the constitution requires that the minimum dues shall be $2 per month, it should also be understood that where monthly dues are unreasonable or extortionate the general executive board has the power, contained in the constitution, to take over the affairs of such local unions if they continue to insist on charging dues or initiation fees which are beyond reason.

"The above declaration is made with the hope that our local unions will avail themselves of the suggestions contained herein, rather than compel the international union, because of public agitation, to exercise its power under the constitution and regulate or discipline local unions acting directly contrary to the purpose and spirit of this declaration."

STATEMENT BY RIVERS ON DEFENSE POLICY

These resolutions, declarations, and actions do not represent isolated instances of enlightened policy by individual building-trades unions. They represent the purpose and considered judgment of national and international unions of the American Federation of Labor in the building and construction trades. The evidence of this is the resolutions adopted by the building and construction trades department on March 31, 1941. In making these resolutions public, Secretary-Treasurer Rivers issued a statement on behalf of 1,500,000 members of the A. F. of L. building-trades unions, assuring the Government and the American people that these unions will do everything within their power to build the strongest possible national defense and to formulate policy and practices necessary to achieve that job. I quote from the statement:

"As evidence of their good faith and determination to cooperate in the national-defense program, the members of the executive council of the building and construction trades department of the American Federation of Labor, meeting in special session, have taken constructive action on two important problems, as follows:

"1. They have solemnly pledged that there will not be any stoppage of work on account of jurisdictional disputes between any of the building and construction trades unions on any building or construction project essential to speedy completion of the national-defense program.

"2. They have agreed that when the unions are unable to supply a full force of building tradesmen to contractors on defense projects who are recognized as being fair to organized labor—

"(*a*) The contractor may employ nonunion men until such time as the various unions can replace them with members of their own organizations.

"(*b*) No permit or privilege moneys shall be collected from these nonunion men by the unions where such conditions exist.

"(*c*) No initiation fees or other union obligations shall be collected from these nonunion men except where they can qualify for membership and have been requested to join the appropriate union and have been accepted into membership.

"(*d*) When such applications for membership are received, initiation fees shall be the minimum possible in view of the benefits extended by the union organizations and reasonable time will be granted for the payment of such initiation fees."

I have cited these resolutions and declarations as evidence of actual operating policies of the American Federation of Labor unions with respect to workers employed on defense projects. These policies are not empty gestures. They have been applied and put in effect. Every single situation in which improper practices were attempted by local officials has been investigated and corrected. There can be no more conclusive evidence of labor's ability to exercise self-discipline in a democratic way without outside intervention, control, and regimentation.

Policies and Problems of Various Unions

I believe it is important for your committee to gain complete understanding of practical application of standard union policies with regard to intiation fees. With this in mind I will discuss these policies and the problems underlying them in the case of several specific national and international unions in different trades and occupations.

PAINTERS

The Brotherhood of Painters, Decorators, and Paperhangers of America is a national union affiliated with the American Federation of Labor which functions under its own constitution and enjoys democratic rights of self-government common to A. F. of L. unions.

The national constitution of the Brotherhood of Painters requires that new members who join local unions should pay an initiation fee of not less than $5 and monthly dues of not less than $1.50. Of the $5 initiation fee, $2 is payable to the national, and of the monthly dues a per capita tax of 60 cents per member is also transmitted to the national treasury.

The constitution establishes no restriction upon the local unions as to the amount to be charged in initiation fees and lays down no specific requirements in this respect. However, while the initiation fees charged by individual local unions differ substantially from one locality to another, the minimum initiation fee of $5 is charged by a major portion of local unions.

The range of initiation fees charged by locals of the Brotherhood of Painters extends from $5 to $100 and in some few instances a fee of $150 is prescribed by the local union. Every one of those fees has been established over a period of many years and does not represent a departure from the customary practice.

In the localities in which there are large defense projects new local unions have been formed and as a rule the initiation fee of $5 has been set by these new locals affording everyone an opportunity to become union members in these defense areas.

In some instances newly established local unions, after the expiration of 30 or 60 days of continuous employment have increased the initiation fees to $10 and to $25 in a few cases, to bring the initiation charges in line with the long-established practice of the union in the community.

The Brotherhood of Painters is a labor organization of long-established standing. Today it represents a membership of some 150,000 workers whose experience, training, and skill establish the highest standards of the trade in America.

The membership of this great national union has fluctuated with the wide fluctuations which have taken place in the building and construction industry. These fluctuations in employment resulting from the successive rises and falls in the business cycle have fundamentally affected the economic status of all workers in this trade. Over a period of years wage standards, safety requirements, and other working conditions have been gradually established to improve the economic security of the workers and to protect his welfare through union organization. A new applicant for membership in a local union, by his joining the union, instantly becomes a beneficiary of work and wage standards and labor practices which it had taken the Brotherhood of Painters generations to establish. Thus the initiation fee charged the new member represents in part his contribution toward the cost of the service in the interest of the trade that the Brotherhood has carried on for years and is continuing at the present time. Had there been no organization the disastrous force of unemployment such as characterized the industry in many periods, notably at the trough of the depression at the end of 1932, the wage structure in the trade would have completely collapsed and the standards of hours of work, of wages, and safety conditions would have been greatly impaired. It was through the joint activity of all members of the trade made possible by the brotherhood that the wage structure could be preserved, improvement in working conditions attained, and some measure of economic security in the trade achieved.

BENEFITS TO PAINTERS

The initiation fees and monthly dues represent, in addition, a direct service to the membership provided by the national organization and by individual locals. The national union pays death and disability benefits to all members who are less than 50 years old at the time of their initiation. These death and disability benefits range from $50 to $400 to each member. The national union also pays benefits to each member in case of wife's death. Any member whose membership has extended from 1 and up to 2 years is paid $25 upon his wife's death, and those whose membership is of more than 2 years' standing, $50.

During 1939 the Brotherhood of Painters paid out $312,814 in death and disability benefits to its members. In 1938, $289,500 was paid in such benefits and, in 1937, the amount paid out was $278,000. During 1940, benefits of more than $325,000 are reported to have also been paid out. In the 4-year period of 1937–40 more than $1,300,000 was paid out in death and disability benefits by the national alone.

In addition, many local unions have made provision for the payment of sickness and other benefits which enable the members to meet the hazards of unemployment with the backing of the economic strength of their organization.

Because in a few instances exceptionally high initiation fees ranging from $50 to $100 have been in effect, these fees have been misrepresented as being typical of the advantage taken by the entire union of the defense program. The fact, is of course, that the major portion of the workers employed on defense projects were already union members of long standing and had to pay no initiation fees to secure employment on defense work under union agreements. Where high initiation fees were charged these fees represented an established practice and were not newly created as a device to take advantage of defense activity. As has already been pointed out, on the vast majority of defense projects initiation fees of $5 have prevailed and in localities where continuous employment was assured in the future, such fees have ranged from $10 to $25.

High initiation fees established by some locals have uniformly been the result of mass unemployment and a device resorted to by the local union with large unemployed rolls to prevent addition of more unemployed workers to its membership.

Once an initiation fee is paid and a member continues in good standing in his local union he is entitled to receive a clearance card or a transfer card which enables him to transfer to another local union if work becomes available in another locality. The charge, therefore, that initiation fees have been paid more than once is utterly untrue.

In connection with rapid expansion of construction work in Fort Belvoir, Va., in Fredericksburg, Va., in Washington, D. C., and in other localities in the same area, some confusion arose as to availability of union members for immediate employment, between the representatives of the Washington and the Alexandria locals. In connection with Fort Belvoir 34 new members were accepted by the Alexandria local and charged an initiation fee of $56 each. This was done in violation of instructions the business agent in Alexandria had received from the national and was quickly brought to the attention of the national and of the War Department. The case of these 34 men was exaggerated and elaborated, creating the impression that such was the common practice. The union was widely criticized in the press for failure to cooperate with the defense program and for exacting unreasonable returns from the newly initiated members. The case was quickly investigated, however, and the attitude of the national organization toward the whole problem is best summarized by quoting from the letter addressed by William J. Gallagher, national representative of the brotherhood, to the War Department on January 14:

"As a representative of the national organization, representing the general president in Washington, I will not tolerate any men being compelled to pay for a job. If we cannot supply men enough for any job we will permit nonmembers of our organization to go to work at no cost to them. We are not going to permit any men to be 'shook down' for these fees for the privilege of working."

GLAZIERS

Another charge given widespread publicity alleged that glaziers on defense projects were forced to pay initiation fees of $1,500 to enable them to become union members. Allegations about such fees being charged in Chicago and about the issuance of work permits for which a daily payment was required but not applied toward the initiation fee, have been made before congressional committees, played up by the newspapers, and widely discussed by certain columnists.

It was stated that on the Fort Riley project in Kansas, exorbitant initiation fees were charged and that work permits were given to new workers, the payment for which was not applied to initiation. Mr. L. P. Lindelof, general president of the brotherhood, informs me that this statement is wholly untrue and that every one of the workers employed on the project had been a union member before he was employed on the project and had carried a paid up card from a local union in St. Louis, Kansas City, or the surrounding territory.

A similar charge was made with respect to Detroit, Mich. The investigation made by the brotherhood shows that Glaziers' Local Union No. 357 supplied all union members for every one of the Government projects in that city, with the exception of nine men who applied for membership and were employed on one of these projects. The new members were asked to pay the initiation fee within 90 days. Some men paid as low as $1 per day, some at the rate of $2 per day, and some $3 per day. The arrangement maintained by the union was that if the employment of new members terminated before their full initiation fee was paid, the payments made toward it would be credited to their name so that when additional work would become available the men when employed would pay the balance of the initiation fee.

Much has also been said about the $1,500 initiation fee allegedly charged by Local Union No. 27 in Chicago. No such fee has ever been paid by anyone in Chicago or elsewhere to any local union of glaziers. In 1927 and 1928 Chicago was riding the crest of a great building boom. At the beginning of the boom the local's initiation fee was $100 and its membership comprised 350 men. As one building after another was put under construction glaziers and workers claiming to be glaziers flocked to Chicago from all parts of the country. The union membership was growing by leaps and bounds and a list of applicants for membership was continuously increasing. The union then advanced the initiation fee to $200 and later to $300 as a means of discouraging new applicants from coming into the union. The unhealthy atmosphere of feverish construction activity made it clear that the boom would be short lived and the union did not wish to assume permanent obligations toward new members whose employment would obviously be of short duration. To make the entrance into the union prohibitive the local set the initiation fee at a theoretical figure of $1,500. No one has ever actually paid such a fee and no one expected that such a fee would be paid.

It is perfectly true that 14 years ago, at the time of the speculative boom in Chicago, when real-estate values were skyrocketing, when speculative builders were anxious to build fast and unload new buildings at the highest possible values, the high fees established by the glaziers' union did serve to restrict the entrance of new members into the trade. Had the initiation fees been low at the time several hundred more men might have been allowed to come into the Chicago boom market at the very peak of speculative activity and gain a few weeks of employment.

The year of prosperity in Chicago in which real-estate speculators, starting on a shoestring and running up their business into a succession of million-dollar deals and, in some instances involving the sale of imaginary tracts which the buyer later found to be located in Lake Michigan, this brief and fantastic era in which even subcontractors were sometimes making $10,000 a day, collapsed quickly and completely. It is futile to argue today after many years of unemployment and distress among the workers who became the victims of the speculator and the profiteer, whether or not the fee which was thus established but which was never paid, was a mistake. It is also dishonest to resurrect the ghost of an initiation fee that had never materialized in order to convey the impression that such a practice actually ever existed, that it does exist today, and that it is an example of a typical union practice in a defense situation.

Glaziers' Local Union No. 27 consists of approximately 475 members. To date there has been very little work for these men in the Chicago area. Whatever work there has been had been manned by union members and no initiation fees have been collected. The best evidence of this is the fact that half the membership of this union is still unemployed.

While there are no requests for membership in the glaziers' union in Chicago, the established initiation fee in the union is $50 which anyone applying for membership could pay in small installments over a period of time.

Glaziers have received very little employment from the defense construction program. Barracks, cantonments, and temporary housing projects which are almost entirely of frame construction, have used glazed sash made and assembled in factories. Practically everywhere on these projects installation of factory-made windows and sash have offered no share of employment to union glaziers. Wherever glass installation has been called for the unemployed union members have by far exceeded the number of workers needed to do the job. As a practical matter, therefore, when Thurman Arnold talks about the tremendous restriction of the supply of skilled labor by initiation fees, he talks pure theory and probably does not realize that his plausible-sounding fantasia bears no relation to existing realities.

The 125,000 men who comprise the membership of the Brotherhood of Painters of America are average Americans and patriotic citizens. In their number there may be, as there undoubtedly would be in any group of men of such number, some men whose character or behavior can be questioned. There have undoubtedly been some practices which the officers of the American Federation of Labor and the officers of the brotherhood would agree to be improper and would endeavor to stop. That such is the purpose of the general executive board of the national union I have the assurance of the general president. I am informed that the general executive board of the brotherhood has disapproved agreements in which the initiation fee has been increased since the inception of the defense program and has instructed local unions to lower rather than increase their initiation fees. I am also informed that in order to more fully cooperate with the defense program the general executive board of the brotherhood has ruled that local unions are to accept members from other localities, when they are not in a position to supply an adequate number of members to man the project, without charging these new members any excessive fees but only the regular dues regularly paid by the existing membership.

I know that the officers of the Brotherhood of Painters are doing all they can in order to cooperate with the defense program. Only recently the brotherhood signed an agreement with the Painting and Decorating Contractors of America which provides that no strikes will interfere with the construction of any defense project. Under the agreement no demands for increased wage rates by unions concerned, after a defense project has been started, and no excessive dues or initiation fees will be permitted on any defense job. The agreement which became immediately applicable to contracts totaling $500,000,000 at a high point in our preparedness program was the first negotiated by the painters' union and the contractors on a national basis. Both sides declared in announcing the agreement that it grew out of a common desire to advance the defense program and to implement President Roosevelt's appeal for cooperation between labor and management. The contract covers 6,000 contractors and 1,200 local unions of the brotherhood.

I think this agreement is a notable example that the no-strike policy on defense work, formulated by the building trades and metal trades departments of the American Federation of Labor, can be implemented. It is vision, leadership, and patriotism of men who are willing to assume responsibility for the success of our defense efforts that gives best evidence of the need for willing and voluntary participation of labor in the enforcement of industrial peace and in the promulgation of American defense.

ELECTRICAL WORKERS

The International Brotherhood of Electrical Workers maintains two classes of membership. In the case of class A members, the constitution provides that 50 percent of the local initiation fee be paid to the international and that the share paid to the international be not less than $5 and not more than $60 per member. In the case of class B members, the international receives $1.50 per member, plus 50 percent of the local fee charged in excess of $1.50 per each member initiated.

The amount of the particular initiation fee is fixed by the local union. The International Brotherhood of Electrical Workers has submitted to me a summary of the initiation fees charged by I. B. E. W. locals, which I submit to you.

The locals of this international are divided into six groups: (1) Primarily construction locals; (2) primarily electrical utilities locals; (3) railroad locals; (4) manufacturing locals; (5) radio broadcasting locals; and (6) telephone and telegraph locals.

In the construction group the initiation fees charged by locals in the localities reported range from the minimum $10 to the maximum of $200 for class A locals and from the minimum of $1.50 to the maximum of $150 for class B locals. In the electrical utility group the initiation fees range generally from $10 to $25 with a few locals charging the maximum fee of $50 and $75. The railroad locals charge fees ranging from $10 to $23, with $25 charged in some instances. Locals in the manufacturing group have initiation fees ranging from $2 to $10, with a maximum of $60 in one instance. In the radio broadcasting group the fees range from $10 to $100 and in the telephone and telegraph field from $10 to $50.

It will be noted that the size of the initiation fee varies with the skill classification of a particular worker and that it differs with the size of the community and its geographical location. Lineman helpers would pay much smaller initiation fees than journeyman linemen, and in this and other classifications the size of the fee is prorated to the skill and earning power which the worker's standing in the trade commands. It is the universal rule that the higher initiation fees are charged only for the top classifications of skill and only in the largest cities in the country.

All these are standard provisions and practices of the International Brotherhood of Electrical Workers. With respect to defense employment, these practices and policies have been modified to meet the need of emergency conditions. This is done by the local unions declaring periods of "open charters" during which standard initiation fees are drastically reduced. In communities in which defense projects resulted in the demand for more workers than the local union could immediately provide, periods of open charters have made it possible to bring into the union new members without requiring them to pay standard initiation fees. Under open charters initiation fees ranged from $50 to $25 and that even with respect to the topmost skill classification, no fee larger than $25 was permitted.

The International Brotherhood of Electrical Workers has paid old-age and death benefits to its members which are very substantial. The old-age benefits are paid at the rate of $40 per month when the member reaches the age of 65. Death benefits range from $300 for those who have been members for 1 year to $1,000 for those who have been members for 5 years or more. In 1939 the International Brotherhood of Electrical Workers paid $1,002,697 in benefits. Other benefits are paid by local unions, and funds are maintained for many other services extended by local unions.

PHOTOENGRAVERS

Initiation fees of the various locals of the International Photoengravers' Union vary widely. In many localities this fee is as low as $25, in some instances the fee may be higher. The international provides that journeymen who have been employed at the trade for not less than 5 years may be admitted on payment of an initiation fee of $200 plus whatever the local initiation fee may be. Local monthly dues are usually quite low, ranging from 75 cents to $3.75. The usual rates are $1, $1.50, and $2. A few locals have no local union dues in addition to the international per capita tax, which is $2 per month.

The initiation fee may be considered as a contribution to the capital resources of the union out of which the several benefits paid by the international union to its members are financed. The initiation fees build up the resources of the union and provide a backlog against emergencies, while monthly dues paid to the international are calculated to preserve this fund and compensate in some measure for the continual demands made upon it.

The union pays four different benefits to its members. In case of strike or lock-out members receive strike pay from the defense fund. During the year ended May 31, 1940, the union paid $41,442.75 in strike and lock-out benefits.

The union has a fund used for the payment of hospitalization and other expenses of its members suffering from tuberculosis. Last year $20.046 was spent in this manner. Upon the death of a member of the international union it undertakes to pay the expenses of his funeral. Last year $26,800 was paid out in funeral benefits.

Since 1928 the international has been operating an insurance and disability plan which has cost large sums of money annually. Last year, for example, insurance and disability payments amounted to $141,816. Under this plan all journeymen and apprentices after their third year of apprenticeship are insured in the amount of $1,000.

The servicing of the four benefits paid by the international union enumerated above cost the union $230,104. Total revenues of the international amounted to only $364,382. Put in other words, these expenses accounted for 63 percent of the total income of the union.

Since its organization in 1900 the international union has paid a total of $3,727,832.78 in these four benefits to its members. During this time strike and lock-out benefits have amounted to $1,646,903.08; tuberculosis payments to $629,615.47; funeral benefits to $329,481; and insurance benefits to $1,122,833.23. The reason for the relatively large share of strike benefits in this total is the fact that strike benefits were for a considerable period of years the most important benefit paid by the union. The tuberculosis payment was not established until 1908 and the insurance payments until 1928. For the last few years insurance payments alone have accounted for approximately 60 percent of all benefit payments.

It should be noted that these benefits are paid exclusively by the international union and are financed by initiation fees and by the income which the union derives from the monthly per capita tax of $2. These substantial forms of protection which are afforded to its members by the international union could not possibly be maintained without the payment of initiation fees and monthly per capita taxes.

In addition to the benefits paid by the international union a large number of the local unions composing the international pay benefits of their own. During the year ending May 31, 1940, local unions paid $938,534.63 to jobless members as protection against unemployment. Sick benefits of local unions amounted to $26,371.35 and death benefits to $60,700. From this it is apparent that total benefits paid by local unions were $1,025,605.88 or almost five times those paid by the international.

The unemployment benefits are paid by 32 local unions having a membership of 8,636 journeymen. The unemployment benefit varies as between local unions but is usually $10 to $15 per week and may be paid for 26 weeks or 52 weeks depending upon the local in question. During the depth of the depression very substantial sums were paid out in unemployment benefits. During the years 1932–33 these benefits were continuously well in excess of $1,000,000 per year and in 1933 amounted to $1,959,617.96.

Adding the total of local benefits in the amount of $1,025,605.88 to the total international benefits paid in the amount of $230,104.80 we find that total international and local benefits of the Photoengravers' International Union amounted to $1,255,710.69 for the year ended May 31, 1940. This impressive total reveals clearly the extent of the protection afforded the membership of this union by the monthly dues and initiation fees which it pays. The extent of these benefits and the proportion which they bear to the total income of the union are compelling evidence that the members of this union are receiving protection to the full extent warranted by their financial contributions to the union. Facts of this sort must be set against the unconsidered arguments of those who make statements without any investigation of the realities of specific situations.

BRICK AND CLAY WORKERS

The international constitution of the United Brick and Clay Workers of America requires the payment of a minimum initiation of $1.50. The maximum initiation fee is governed by district councils and by local unions. In the case of a newly formed local union, the initiation fee may range from $2 to $3, and in the case of a firmly established union the fee is generally $5. In the Los Angeles area on the Pacific coast the initiation fee is $3.

The international union receives $1 from each initiation fee collected by the local. Dues assessed by local unions are generally $1.50 per month. In some locals the dues are as low as $1 per month, and in the Chicago area the highest dues of $1.75 per month are collected. The international union receives a per capita tax of $1 from monthly dues paid by each member.

The international pays out death benefits of $200 and local unions maintain additional death benefits averaging around $400. While the international union provides full service to each local union in connection with wage negotiations, collective bargaining, and other union needs, which is equivalent to the business agent service, no general benefits other than the death benefits are paid out. The low initiation fees charged by this international makes it impossible to maintain large systems of sickness, disability, and old-age and unemployment benefits of the type operated by international unions whose fees are proportionately larger.

Additional information on the administration of benefits and procedures with respect to initiation fees and dues in these and other unions is available and will be furnished gladly to the committee either by the national and international unions themselves, or by the American Federation of Labor.

As a rule, relatively few national and international unions control the local union policies with respect to initiation fees as a matter of their established and normal procedure. In practically all cases the American Federation of Labor unions have prescribed specific emergency policies with respect to initiation fees which govern the entire organization in connection with the defense program. These union policies have to fit particular situations in a great multiplicity of trades and occupations, and reflect a great number of special problems which are involved.

As a general rule, large initiation fees have been charged in only exceptional cases and have been drastically reduced or altogether suspended in the operation of the defense program. The fact that the fees and dues charged are necessary is shown by the extensive benefits which the American Federation of Labor has made available to its membership. The fact that the practices are fair, equitable, and not restrictive can be attested by 5,000,000 members of the American Federation of Labor who have come into the membership of our organization, who form a representative cross section of the American wage earners and who in the final analysis control and determine the policies of their unions.

It must be remembered that new members who join the union and pay their initiation fee become beneficiaries and participants in the funds already accumulated in the local treasury and available for sickness, death, accident, and unemployment benefits. In addition, it must be realized that a newly admitted member of a union becomes a beneficiary of wages and working conditions which it has taken generations of unionists to establish, and for which the union has fought over many years. When the union worker gains the benefits of union conditions, he owes a debt to his union for the immeasurable sacrifices and suffering sustained by those before him, in strikes, discharges for union activity, and discrimination on the part of hostile employers. It can hardly be argued that nonunion members should be admitted into the union ranks without payment of any fee when all those before them have contributed their share to the economic strength of their organization.

I am laying these facts before you, not as a justification for the imposition of excessive initiation fees in the time of national emergency. I feel that the emergency situation calls for special consideration and special action by our unions. Practically all of our unions have taken cognizance of the situation and have acted accordingly. Within the limitations of our authority, we in the American Federation of Labor have established reasonable and uniform standard initiation fees in every instance known to us and have done away with abuses. Most of our national and local organizations have taken the necessary action to meet the present conditions voluntarily and on their own initiative. They have done so in the interest of the common good as patriotic American citizens who know that every one of us in America is engaged in a job of most crucial importance, that of preserving liberty and democracy in America and in the world.

TESTIMONY OF WILLIAM GREEN—Resumed

Mr. CURTIS. Mr. Green, might I take a moment to state in that connection that the task of this committee, when it originally was created, was to investigate the interstate migration of destitute citizens. We were aware of the fact that due to the depression and other causes there were a great many up-rooted people in the United States, perhaps running into several millions, who were citizens of the United States but belonged to no State or no community.

We were focusing our attention on that problem and then we found that it all tied into the defense program, which was just coming on as we were conducting our investigation last year. So the Congress has asked us to continue to inquire into some of the problems that have come about by reason of the large groups moving to and from defense areas.

Mr. Green, I could repeat or agree with what Chairman Tolan said about your paper. It is a very valuable one, as I know that the supplemental paper will be, although I haven't seen that.

Now, before we start these questions if there is any preliminary statements that you would care to make, anything you want to treat in a general way in regard to this problem, we will be very happy to have you proceed.

Mr. GREEN. I have covered the subject very completely and fully, I think, in the prepared statement that I submitted. Further, the subject is covered still further in the supplementary statement that I have now presented for inclusion in the record. It is quite detailed and for that reason I have no preliminary statement whatever to make.

ALARMING INCREASE IN RENTS

Mr. CURTIS. Mr. Green, many industrialists have testified before this committee that the defense workers cannot find defense housing at rents they can pay. Does the American Federation of Labor have any views on our present housing program?

Mr. GREEN. Yes, sir; from practically every area in which defense work is going on it is bringing in new workers from practically every area and we have reports of alarming increases in rents.

Much of this material has been covered in the body of my statement and in the supplementary outline of our survey through central labor unions and State federations of labor.

Rents have increased from 10 to 200 percent in these areas, with 50-percent increases common.

Many of the new homes and apartments built are not priced reasonably for workers. I refer you to the supplementary statement where I am sure you will find some interesting information regarding rent increases.

That information was sent to me in reply to the questionnaire that I dispatched to the offices of our subordinate local unions, located in different towns, cities, and communities throughout the country.

The CHAIRMAN. Mr. Green, I wonder if I could interrupt you for a moment. The committee has just returned from San Diego, Calif., and that city has jumped up about 75,000 or 100,000 in population. When we went there everything was fine—there was no rent trouble at all, but the committee's staff got busy on the proposition and we put a witness on there who was a defense worker. He had six children and he testified he had one room and a kitchen—that means eight of them were living in those quarters, and that he was paying $18 a week while his income amounted to only $135 a month. Now, how is he going to save any money? I don't know, but that simply bears out what you are saying.

Mr. GREEN. Well, a case of that kind is rather shocking, Mr. Chairman, but I am of the opinion that it is duplicated over and over again in different cities and towns and communities throughout the country.

As I have explained, I have referred to this matter in quite an extensive way in the report that I submitted in my general statement, so that I respectfully refer you to that section in the statement I made under "Housing," and I am sure you will find a broader and more complete answer to the inquiry you just made.

LABOR COSTS STILL BELOW 1929

Mr. CURTIS. Mr. Green, the statement has been made quite a number of times by a number of people who have appeared before us, that the answer to rising rents and rising wages and all that sort of thing is to keep prices down all along the line.

What comment do you have to make in regard to that?

Mr. GREEN. Labor certainly does not want to see an inflationary spiral which would only result in a lower standard of living. There is certainly much truth in the statement that higher prices and profits will make it necessary for workers to continue to push wage increases. However, much of the increase in wages received today is only a belated recognition of the greatest labor productivity which has not been paid for by wage increases in past years. Even with the higher wages labor cost per dollar value of production are lower now than they were in 1929.

Based on 1929=100 the indexes show: Output per worker for the first quarter in 1939 was 99.5 percent; for the first quarter of 1940 it was 105.4 percent, and for the first quarter in 1941 it was 116.5 percent.

Now, there is a very noticeable and progressive increase in output per worker.

Now, the output per man-hour in 1939 for the first quarter was 129.9; for the first quarter of 1940 it was 136.2, and for the first quarter of 1941 it was 141, another corresponding increase.

Now, the labor cost per $100 of output in the first quarter of 1939 was 103.1; for the first quarter of 1940 it was 100.6 and for the first quarter of 1941 it was 99.7.

Now, these are striking figures and I presume that much of that is due to the development of efficiency, perhaps caused through the introduction of a wider and broader basis of mechanical equipment, which has tended to make the worker more efficient and to increase individual productivity.

A. F. OF L. WORKS FOR BETTER DEFENSE HOUSING

Mr. CURTIS. Coming back to this housing situation, what has the American Federation of Labor done to secure better defense housing?

Mr. GREEN. The records will show that the American Federation of Labor was the first to focus public attention on the defense housing problem.

As early as September 1939, long before a word was said by any group about the enormous housing problem we were about to face, the housing committee of the American Federation of Labor issued a statement pointing to the need for immediate action. We promptly urged the enactment of Public, No. 671 or the Lanham Act and other measures calling for full utilization of the available public housing agencies for defense housing work.

Our local housing committees in nearly 600 communities have cooperated with local housing authorities and with Federal agencies in expediting defense housing in defense areas.

Our building trades unions have given wholehearted cooperation to the United States Housing Authority and other agencies by entering into voluntary agreements providing that no strikes for any cause would take place in the course of defense housing construction.

According to the War Department, on the cantonment construction, of a total man-hours of work only three-one-hundredths of 1 percent represented delay due to labor difficulty of any kind.

The record of the American Federation of Labor in defense housing has been that of not only full cooperation but also of constructive leadership.

I have covered that subject pretty fully, too, in both the general statement and the supplementary statement which I have submitted for the record, and I am sure you can find a more detailed answer to your inquiry in these statements.

The CHAIRMAN. The object of these public hearings is to give the public and the press information as to just what you are doing. Your cold statement might be in here but the public and the press might not hear of it unless you stress it in your oral testimony.

Mr. GREEN. Well, we welcome that opportunity, Congressman, and thank you for it.

INITIATION FEES IN BUILDING TRADES

Mr. CURTIS. Mr. Green, we were holding some committee hearings in December and a gentleman appeared before our committee who stated that he was unable to get a job out here at Fort Belvoir because of the high initiation fee of a building-trades union. Many of these new construction workers are migrants, as you know, Mr. Green, people far away from home. What benefits do these new workers receive from the unions in return for such fees?

Mr. GREEN. Well, those of you who were members of the Judiciary Committee will remember that I covered that subject very fully. I faced the facts and presented them to the committee. It is pretty difficult for one to pass upon the merits of a complaint filed in individual cases, but I know that it has been the general policy of the American Federation of Labor to make it as easy as possible for building-trades workers to become members of American Federation of Labor unions, and as a result of it many of the building-trade organizations changed policies these organizations had pursued for many years, by calling upon their local organizations in different cities and towns and communities to establish a maximum initiation fee and that maximum initiation fee was reduced to the lowest possible level consistent with the financial requirements and benefit obligations of national and international unions.

I know of no single instance where any worker capable of performing work on buildings and in building construction was denied the opportunity to become a member of a union and to engage with others in work, construction and building work.

In some instances men represented themselves to be skilled mechanics and applied for work; the manager or the foreman employed them, believing they were skilled. They started then to pay their initiation fee into the union but it developed within a very short period that they were not mechanics and as a result of it the manager or the foreman dismissed them, because they simply could not measure up to the requirements as to skill. But in those instances the unions were always instructed and required to return to the worker any initiation fee or dues paid.

BENEFITS PAID OUT BY UNIONS

Now, I have a statement here covering benefits for sickness, disability, unemployment, old-age, death, and miscellaneous, paid by our unions out of the initiation fees and dues collected. These figures are startling.

The record shows that from 1927 to 1939 our unions paid out in sickness, disability, unemployment, old-age, death, and miscellaneous a total of $425,742,166. That means that the initiation fees and dues collected are redistributed in sickness, death, accident, unemployment benefits, and in the payment, of course, of administration costs.

The new worker, when he becomes a member of the union, acquires an equity in all moneys in the local treasury. He has an equal share with all that are in the union and he is entitled to receive his benefits and I would like to submit these figures for the record and if I may, this statement beginning with "initiation fee" and covering the other subject of benefits.

The CHAIRMAN. It will be received.

(The document referred to follows:)

EXHIBIT A.—*Benefits paid by national and international unions of the American Federation of Labor, 1927–39*

Year	Sickness	Disability	Unemployment	Old age	Death	Miscellaneous	Total
1927	$2, 793, 859	$2, 968, 164	$690, 206	$4, 348, 936	$15, 724, 821	$1, 743, 805	$28, 269, 791
1928	2, 377, 746	3, 285, 578	665, 280	4, 712, 731	16, 623, 586	5, 149, 053	32, 813, 974
1929	2, 831, 937	2, 707, 188	276, 718	4, 883, 028	17, 598, 287	3. 945, 288	32, 242, 444
1930	3, 649, 703	3, 234, 067	3, 311, 280	5, 910, 995	18, 527, 095	2, 064, 840	36, 697, 980
1931	2, 220, 975	3, 671, 380	9, 146, 724	6, 090, 743	17, 132, 023	1, 700, 028	39, 961, 873
1932	2, 308, 041	4, 006, 891	19, 970, 557	6, 148, 302	17, 674, 384	1, 340, 175	51, 448, 350
1933	1, 665, 266	4, 837, 730	13, 784, 043	4, 678, 636	14, 780, 206	946, 231	40, 692, 112
1934	1, 023, 314	3, 176, 014	4, 467, 802	3, 912, 940	15, 011, 044	1, 409, 530	29, 000, 645
1935	1, 047, 011	3, 379, 276	3, 356, 276	3, 684, 954	12, 650, 303	1, 990, 787	26, 108, 607
1936	1, 272, 818	2, 597, 886	10, 990, 104	4, 784, 506	12, 821, 607	1, 646, 750	34, 113, 671
1937	2, 277, 903	2, 623. 918	1, 671, 139	4, 600, 056	13, 390, 755	2, 547, 454	27, 111, 225
1938	1, 306, 768	1, 641, 091	2. 582, 543	5, 334, 206	13, 125, 853	1, 595, 827	25, 586, 289
1939	1, 519, 559	1, 766, 064	1, 815, 784	2, 073, 327	12, 928, 510	1, 591, 961	21, 695, 205
Total	26, 294, 900	39, 895, 247	72, 728, 456	61, 163, 360	197, 988, 474	27, 671, 729	425, 742, 166

NOTE.—Detailed reports on benefits paid in 1940 are not yet available.

COMPLAINTS OF EXCESSIVE FEES

The Chairman. As I remember your testimony, Mr. Green, before the Judiciary Committee, you testified that there were some complaints that came in as to excessive fees being charged by some locals.

Mr. Green. Yes.

The Chairman. And that the American Federation of Labor immediately got on top of it and helped out in every way you could, isn't that true?

Mr. Green. That is right. There were complaints reached us—some complaints from Members of Congress referred to us, from public officials, from administrative representatives in Government, and from our members themselves and in every instance we have gone into every case and have insisted that any injustice imposed upon any individual must be corrected.

The Chairman. I remember when we had our Washington hearings about 6 months ago an electrical worker came here and complained of some treatment given to him at one of the camps. He testified that they asked him $300 initiation fee to join an electrical union. Well, that seemed rather startling to me as well as to other members of the committee, but when you break that down the way you have broken it down and explained about these electrical workers and where they pay and carry these apprentices on their rolls for years, and then the insurance and the compensation that they receive, that told a different story as far as I was concerned. I was amazed with your revelation of how it worked.

That is why I am very much interested in your breaking that down the way you have. In other words, what the American public wants to know is that there is not some president of some local union or some treasurer of some local union that is getting fat on these people coming in and paying their initiation fees.

That is a new angle as far as I am personally concerned. I didn't know that before—I didn't know how they participated in those benefits.

JURISDICTION OVER LOCAL UNION POLICY

Mr. Green. Well, you see, Congressman, under the laws of many international unions the local union is chartered by the international union and is clothed with authority to fix the initiation fee in their respective local.

The national union delegates that power to the local organization.

The Chairman. Then what jurisdiction do you have over them?

Mr. Green. We have only a supervisory jurisdiction over that and we try to deal with that in accordance with the facts, but because this authority was delegated to the local union, the national unions then took the action I referred to a short while ago, that they must reduce their initiation fees to a uniform maximum basis and the locals then were deprived of the power to put it above that maximum basis.

The Chairman. Well, didn't your national convention last year take some action on that?

Mr. Green. I think we did, Mr. Chairman, but I just can't recall at the moment.

Mr. Osmers. What was the maximum amount of initiation fees, Mr. Green?

Mr. GREEN. Well, it was different in different organizations. Now, the common laborers, against whom there was very much complaint, ordered that their initiation fee be reduced to a maximum of $25—no more than that anywhere or any place.

The United Brotherhood of Carpenters, on the other hand—I am referring to the one as unskilled and the other as highly skilled—the United Brotherhood of Carpenters and Joiners, as I recall, fixed the maximum fee for carpenters at $50.

Many locals had it above that.

HIGHEST INITIATION FEE

Mr. OSMERS. What is the highest fee that you know of now existing?

Mr. GREEN. The highest initiation fee that I ever heard of in the American Federation of Labor was $1,500, imposed by a glazier's union in Chicago. But as I explained, I went into that too, Mr. Chairman, in my testimony before the Judiciary Committee. The facts are that nobody ever paid it but it was set so high due to the fact that unemployment was so widespread and so far-reaching and with such destructive results in Chicago, that the local itself thought they would deal with the unemployment problem by putting the initiation fee high.

Mr. OSMERS. In other words, to exclude people from membership in the union and to keep whatever work there was to themselves?

Mr. GREEN. It was really an attempt to exclude membership in the organization so as to make it possible for those who were already in to secure work.

Mr. OSMERS. Do you happen to know what that particular union has for an initiation fee at the present time?

Mr. GREEN. I don't know. That is under the Painters and Decorators International Union.

The CHAIRMAN. Mr. Green, Congressman Curtis has been called to the floor of the House so I will continue with the questioning.

Following up these questions: We understand that the American Federation of Labor has assisted in routing workers to construction jobs. Would you describe this work for the committee? In other words, what have you done toward routing any workers to any jobs?

Mr. GREEN. The building trades, machinists, and electrical workers have done a great deal of this work and other unions have placed workers and helped find men for defense jobs. In the summer of 1940 as soon as we learned that large numbers of skilled workers would be needed for defense construction, international unions affiliated with the building-trades department of the American Federation of Labor made a survey of their affiliated locals to find out the number of unemployed members seeking work, and those who would be willing to go to other towns. We anticipated, in 1940, just such a situation as we have drifted into.

EMPLOYMENT EXCHANGE WITHIN UNION

To set up within our building-trades department a great defense employment exchange was not difficult, for our international unions already served their membership as Nation-wide employment offices. Business agents in local unions normally act as placement agents, referring men to jobs. Therefore, we had only to bring information together in central headquarters to establish a clearinghouse covering the entire Nation. With this information at hand we were ready to act at once.

Calls for skilled craftsmen came urgently for cantonments, powder plants; for airplane factories and all the varied types of defense buildings. Calls to our building-trades department came from contractors or from the United States Government were quickly transferred to the international unions and men were sent to the job in Charlestown, Ind., to build the huge Du Pont smokeless powder plant. Twenty-three thousand workers were required.

Charlestown was a tiny place of 900 inhabitants. There was no nearby source of labor supply sufficient to meet the need. Labor for this job was recruited literally all over the United States by our unions and sent promptly to the spot. Men came from thousands of miles away and this entire job of labor recruiting was done by union offices without a cent of expense to the Government or to the contractors for the huge task of contacting the men and transporting them to the work.

The CHAIRMAN. Did your union pay the transportation costs?

Mr. GREEN. Yes, sir; paid their transportation costs. We sent 15,000 men to Corpus Christi, Tex., and it never cost the Government a single penny.

Now, the tragic feature of that is this, that after the job was over the men were dismissed. They themselves then were required to do the best they could for themselves—find work in some other town or some other place. Their job was done at Corpus Christi.

RECRUITING FOR CANTONMENT CONSTRUCTION

Now, a similar job was done in Fort Leonard Wood, Mo., where 29,000 men were needed to build the cantonments. Labor was recruited within a radius of 200 miles and sent promptly to the job. Men came in their cars, bringing a carload of workers with them. The cars then served to transport workers between their lodgings and their work, because often it has been impossible for members to find lodgings within even 25 miles of the job. Drives of 40 or 50 miles morning and evening was the daily lot of very many.

Now, in Jacksonville, Fla., it was necessary for our organization to send plumbers all the way from New York. In Corpus Christi, as I said, our organization supplied over 23,000 construction workers. I said 15,000. The actual figure is 23,000 and those 23,000 transformed a wilderness into the most modern airplane training station in the world, and completed that job 6 weeks ahead of schedule.

In Camp Shelby, Miss., we supplied the work force to build what amounts to a small city, to house 67,000 soldiers. The following structures were put up: 13,000 tent frames, 414 mess halls, 80 warehouses, 56 administration centers, a laundry, a hospital; 34 post exchanges, 85 miles of water mains, 60 miles of sewer and 65 miles of paved roads.

This work was completed ahead of schedule, costing the Government only $20,000,000 as compared to the estimates of $22,000,000 for that job.

In Fort Belvoir, we completed a camp to house 20,000 soldiers in less than 3 months.

In Ravenna, Ohio, we are supplying over 12,000 men for the construction of a $14,000,000 Atlas Powder Co. plant. We drew labor for this job from all over the country and work is proceeding up to schedule in building these contonments for the United States Army.

We have in effect constructed 46 small cities in 6 months' time. These cities house anywhere from 20,000 to more than 60,000 men, and involved the building of living quarters, powerhouses, roadways, store buildings, hospitals, laundries, mess halls, sewage systems, and water-supply lines.

COOPERATION AMONG THE INTERNATIONALS

The labor supply for this colossal task has been furnished by the international unions affiliated with our building trades department and as noted above, without any cost to the Government or to contractors.

When an international could not furnish all the men needed the requirements were filled by cooperation with other internationals. The International Association of Heat and Frost Insulators and Asbestos Workers, for instance, having more calls than they had men to supply—that is a small organization composed of highly skilled workers and the call for service of the kind that these skilled workers are able to give is very limited during normal times, but the emergency increased the demand for them.

Now, these workers agreed to accept members of the plasterers international union, an association of unions in both the United States and Canada, for the work, without charging either an initiation fee or dues. In other words, the two unions worked out a plan by which they could supply the contractors in this national emergency with the number of skilled workers required.

Now, unions in the metal trades have also contributed. The International Association of Machinists has recruited men for work in navy yards, arsenals, airplane plants and in other metal work from the entire country. Registration of unemployed machinists began on May 23, 1940. They began to register them then.

Local lodges have been alert to notify the international office immediately when they foresaw that new work would require additional men for work in the Bremerton, Wash., Navy Yard. The lodge there advised headquarters that a large number of machinists would be needed.

The international immediately sent job specifications with rates of pay and requirements to all lodges west of the Mississippi River. Men were advised that medical examinations would be required and they were urged to take these examinations before leaving for the job. They were instructed to send their qualifications to the Bremerton office and be ready for immediate summons. In this way Bremerton was able to mobilize its work force with a minimum of waste motion.

The Bremerton lodge met the men on arrival and assisted them in getting quickly registered and on the job.

Similarly, the machinists recruited 3,000 machinists and 1,650 toolmakers for the arsenals, the airplane mechanics for Vultee and Lockheed and men for many other defense jobs.

COOPERATION WITH UNITED STATES EMPLOYMENT SERVICE

The supplying of skilled union men to jobs was further improved and speeded by linking our union employment activities with the

United States Employment Service. We worked with them. That was necessary because we found that in spite of the great demand for skilled workers our activities in referring them to jobs and so forth, yet literally there were thousands of workers traveling around looking for work and not knowing where to go.

Clearly we needed centers of call and it was obvious that these could be best furnished by the 1,500 local offices of the United States Employment Service. Union placement is not competing but is cooperating with the United States Employment Service.

Now, I have gone into that as I have, because I think it constitutes a more detailed answer to the inquiry you made, Mr. Chairman.

The CHAIRMAN. I receive many letters, as other Congressman undoubtedly do, regarding how they can get employment in the national-defense program. After hearing your statement I shall refer them to the State employment offices. I would like to know now, and I know the committee would too, what is the A. F. of L.'s reaction to the service you are getting from the State employment offices?

Mr. GREEN. Well, our reaction to the service given by the employment offices is favorable. They have done excellent work, we think. There are 1,500 employment offices in the United States——

The CHAIRMAN. I am talking about the Federal service.

Mr. GREEN. The Federal service and these 1,500 Federal offices have rendered a very excellent service, we think, but I think our unions have been in closer touch with the defense industrial program than have the employment offices. That is because of this instrumentality, this agency which was already set up, for you know that in practically every community, small and large, local organizations of the American Federation of Labor international unions are established. The employment offices are not in every locality.

The CHAIRMAN. That is true.

Mr. GREEN. Consequently, these agencies already set up serve quickly and as a result of it we have been able to do the things that I have just related in answer to your question.

CHECK OF LABOR SUPPLY BY STATE EMPLOYMENT SERVICES

The CHAIRMAN. Mr. Green, you heard part of Mr. Hillman's testimony this morning, didn't you?

Mr. GREEN. I came in quite late.

The CHAIRMAN. I wanted to ask him but time would not permit so I am going to ask you this question:

I wonder if there is any check being made at the State employment offices or at the United States employment offices as to the load and as to whether certain men are available and whether certain men are not available. For instance, I received a letter about 2 months ago from a painter in Oakland, Calif. I know him to be a qualified painter. Well, prior to that he had been writing me for months. I know him to be a capable, competent man. He couldn't get a job. But the first thing when we got down to San Diego recently, to hold a hearing, I found that there is a dearth of painters there.

So I have taken the matter up with him again. What I am trying to get at is this: Does the Federal Government check the list to see if the load is moving or what do they do about it? Do they just register them and let it go at that?

Mr. GREEN. I couldn't answer that.

The CHAIRMAN. There was this one instance where this capable painter, Mitchell, couldn't get work in Oakland and the employment agencies did not seem to know of any elsewhere.

You say there are 1,500 United States employment agencies in the United States?

Mr. GREEN. Yes.

The CHAIRMAN. What do these men who are looking for positions in the national defense do when there is no United States employment agency near them?

Mr. GREEN. The States have established State employment offices, which are a definite part of the Federal Employment Service. The 1,500 local offices I mentioned represent, jointly, the State and Federal services.

The CHAIRMAN. Yes.

Mr. GREEN. Of course private employment agencies still operate to some extent. I don't know just to what extent they do operate, but I think they operate and they place men in these defense production enterprises.

The CHAIRMAN. What I was trying to get at is, I don't think there is any particular magic in a man who is a painter, for instance, walking up there and registering to the United States Employment Office, if they let it go at that. Is there anything done about it to keep him moving? That is what I am trying to get at.

Mr. GREEN. I think that is a subject you might well go into, in order to determine whether the State and Federal Governments are giving adequate employment service—whether it can be improved upon, whether it can be enlarged and whether it can meet the general requirements.

SAYS SHIPBUILDING STABILIZATION HAS NOT FROZEN WAGES

The CHAIRMAN. The Shipbuilding Stabilization Committee is freezing the pay of shipyard workers at a time when rent and food prices are rising. It is charged that this is unfair to labor. What is your opinion of the work of the Stabilization Committee?

Mr. GREEN. The work of the Stabilizing Committee has not frozen wages. On the contrary the ship-zone agreements which were negotiated for the Great Lakes, Atlantic seaboard, Gulf of Mexico, and Pacific coast all carry specific provisions for automatic increases in wages as based on the Federal index.

Now, I will quote the section in the master agreement which covers that particular question. It is in section 22 of the master agreement and provides: [reading]

"*Provided, however,* That on demand of labor at the end of the first year's operations under this agreement, and on demand of either party, every six months thereafter, the wage scales herein agreed to shall be reviewed by the parties. If the cost of living, as shown in the index numbers of cost of goods purchased by wage earners and salaried workers in large cities, published by the United States Bureau of Labor Statistics, United States Department of Labor, shall have changed, at the time of the review, from the cost of living at the time of the making of this agreement by 5 per centum or more, the wage scales shall be correspondingly adjusted."

I have a copy of that agreement here.

The CHAIRMAN. Perhaps you had better leave it for the record.

(The agreement referred to was received and is held in committee files).

POSITION ON COMPULSORY CONTRACTS AND LABOR PRIORITIES

The CHAIRMAN. Mr. Green, what is the position of the American Federation of Labor on compulsory labor contract plans and on plans for labor priorities?

Mr. GREEN. We are opposed to compulsory tying of workers to jobs. We have jobs. We have faith in the American principle of free labor, and we do not believe it is necessary to import Hitler's methods in order to defend our Nation. We are convinced that the necessary shift of workers to defense jobs will come about as the result of voluntary action and as a byproduct of priorities in materials and machinery.

I have already spoken of amendments to our social-insurance system, which I think should be made to encourage voluntary shifts and to protect defense workers from material loss.

When it becomes necessary to work as a united group in war production, we recognize that authority to make decision must be lodged in some single head. We are ready to accept such decisions as a responsible head may make for the emergency, provided labor has opportunity to freely present its case through representatives of its own choosing. Now that, I feel, sets forth our attitude on that particular matter.

EFFECT OF CONCENTRATION OF CONTRACTS

The CHAIRMAN. Mr. Green, it is frequently claimed that the excess concentration of contracts is pulling skilled labor from all sections of the interior of the Nation to a relatively few defense centers. Does this coincide with your view of the situation?

Mr. GREEN. Well, I know that defense jobs are pulling workers from long distances, but not necessarily always away from the Middle West. For example the electrical workers on a call from Charlestown, Ind., sent some of their members there from New York. That is, of course, a long distance. The TNT plant near Joliet, Ill., has workers from almost every State in the Union. The airplane plants at Wichita, Kans., have brought many workers there. The concentration is wherever defense plants are located and, of course, to the degree that these are most frequently located away from the interior, skilled workers will be pulled away from there.

I have no figures on the number of such migrants. The Employment Service would undoubtedly be best able to give such information. I believe the W. P. A. studies in a few communities have shown a smaller percentage of migrants than was expected, although construction workers were higher than the average percentage of migrants.

The CHAIRMAN. Of course, Mr. Green, anyone can see, I think. quite clearly that this is an emergency program and the Government had to go into those centers where they had some present facilities to do the work, but what the committee would like to know is, Do you favor the decentralization of industry as we go along or are you in favor of keeping on where they are now going?

Mr. Green. Well, I think that the facilities of communities should be taken into account—transportation, power, geographical location, local conditions.

F. S. A. LOANS AS CHECK ON MIGRATION

It appears to me that the Government is pursuing a pretty practical wise policy in the establishment of defense industries. It would probably create much dissatisfaction and disturb our national tranquillity, if I may put it that way, if they would center these plants in some central point. I think the general policy that is being pursued is a sound and practical one. Subcontracting should further take defense production to the workers.

The Chairman. I was very much interested in that because the Farm Security Administration's appropriation for rehabilitation loans for farmers—that is the Government loans, enough money to buy seed or a horse or a cow to keep them home—which is one of the solutions for this interstate migration, was turned down by the Bureau of the Budget, on the theory that this defense program was going to take up the slack. As a matter of fact there are 24 States in the Union getting those loans to keep those poor people at home on the farms, so they won't take to the road, and out of those 24 States there are only 5 States that had a semblance of the national-defense contracts.

Mr. Green. Yes; I understand. That is a very important consideration. Of course I judge that the policy pursued by the Department of Agriculture in trying to help the farmers of the country is sound and I don't think they should change that because of our defense program. I don't think it should be changed.

LABOR STANDARDS NOT LOWERED BY TRAINING PROGRAMS

The Chairman. Now, Mr. Green, there is one more question as far as I am concerned.

What do you consider the effect on labor standards has been upon the entrance into the labor market through the training program of a million or more semiskilled workers.

Mr. Green. Well, in spite of the difficulty in getting workers qualified for defense production, which has been serious, there has been little or no lowering of standards down the line.

In order to prevent a situation that would result in training of too many, or competition that would result from dilution of skilled crafts, the American Federation of Labor has proposed that training of unskilled workers to operate a single machine or to a single process should be under a Federal agency and the local committees charged with apprenticeship training. Only such an agency would know how best to break down a craft into operations and to maintain continuous training of workers, so that they would become sufficiently skilled to do satisfactory production, and sufficiently equipped from the point of skill to continue to take care of themselves as independent Americans able to earn their livings themselves.

You see, Mr. Chairman, we are all thinking about the future, when we think about the needs of the present, and in doing so we must endeavor to balance our policy with what we believe to be the needs of the future.

I know you share my feeling of apprehension over what will take place when the post-war period arrives. Now, we cannot overtrain men for one particular calling. What will we do with them when the post-war period arrives? But we ought to be able to train them in sufficient numbers so as to meet the requirements of the national emergency but not overtrain them. That will require the exercise of judgment and it can only be exercised by men of understanding.

Now, we think about those things when we think about the application of an apprenticeship-training program.

The CHAIRMAN. You see, Mr. Green, you are hitting the nail right on the head as far as I am concerned, speaking for myself. This investigation that we are conducting now is twofold. That is, this defense program has caused a great migration from State to State and that is the only jurisdiction that we have. We are concerned with how are they getting along—we are not concerned only with guns and bullets, but how they are living and what are the health conditions.

Mr. GREEN. Yes.

The CHAIRMAN. Because that is morale and you cannot separate civilian morale from Army and Navy morale, can you?

Mr. GREEN. No; it is inseparably associated.

The CHAIRMAN. Then what you said just now is quite impressive to me. You have taken pretty good care of the present and you are laying a pretty good foundation for the future.

SAFEGUARDS AGAINST FUTURE UNEMPLOYMENT

Now, the cushion to take up the shock after this war is over is what this committee is deeply interested in. I think the only light that I can see is that all America, practically, is thinking of it. Again speaking for myself, I think that is just as dangerous as any attack from without.

Now, speaking for myself again, I think if out of this investigation we can arrive at some method or means by which these men, who were unemployed and have been called back into employment in defense projects, can save a little something it will help to cushion the shock.

The question was asked this morning, I think by Congressman Osmers, "What is being done about it?"

He wants to be specific about that, and he is correct. The only thing, Mr. Green, that I know that has been done about it is that the President issued an Executive order for a survey of public-works projects for construction after the war is over.

I am not disagreeing with the President. I think that is a fine idea, but I felt there are other things that should be done to cushion the after-emergency shock.

Mr. GREEN. That is right.

The CHAIRMAN. Mr. Green, if we can arrive at some plan whereby the workers may have saved a few hundred dollars by the time the war is over, so that they might have that cushion, we might have that much of a solution of the problem, temporarily at least. We might as well talk frankly about it. We don't like to use the words "compulsory savings," and I am not advocating that, but if some system of savings could be worked out, on a voluntary basis, I feel it would go a long way toward relieving the problem of our workers after this defense effort is over.

VOLUNTARY SAVINGS PLAN

The testimony in other cities has indicated that in some plants there is a voluntary savings plan whereby a certain amount of money is being put aside each week; but if you have any ideas about that we would like to hear from you. We are groping for an answer. We like to talk this over with witnesses. I think a solution of this problem is highly important. Unsolved, it will be just as dangerous to the Nation as attack from without. If you haven't an answer for it now, we would like for you to address yourself to this thought and supplement your testimony with any suggestions that may occur to you later.

Mr. GREEN. Well, I am of the opinion, Mr. Chairman, that your committee can probably render a more valuable service through a study of that question than, perhaps, you can through a study of the movement of men from one place to another during these days of national emergency.

Out of your investigations ought to come some very valuable conclusions and recommendations. I know of no Government agency at the present moment that is going into that subject.

Please remember that the number of unemployed in the United States increased from something like 8 or 9 million in 1930 to more than 14 million in 1933. That was the peak. Then there began some small decline in unemployment, comparatively speaking, for some period of time.

Now, we have taken up the slack of unemployment, not because conditions are normal but because an unlimited national emergency exists. Well, it isn't going to exist forever and we still have several million unemployed. Unemployment has been reduced to something like 4 or 5 or 6 million—somewhere along there. But when the last act has been put on and the curtain is down and the stage is empty and these munitions plants are disassembled, when our defense program has been completed, can we depend upon private industry reabsorbing these millions of workers? And if it can't absorb them, what kind of social conditions are we going to face after these days of unusual economic conditions? Can our social order adjust itself to the change in time to save us from the impact?

Now, at the moment, I can't see clearly how we are going to be able to absorb these men, even gradually, back into productive employment after we have passed through this unlimited national emergency; but I can't conceive of any subject of greater importance and I think now, without a moment's unnecessary delay, we ought to apply ourselves to the consideration of this problem and see if we can develop a plan that we can put into effect in order to save democracy and save America.

FEDERAL FINANCES

Mr. OSMERS. I was very much interested in your last remark, Mr. Green, in which you emphasized the importance of the post-war period.

There is a subject that must be considered hand-in-hand with it and I wondered whether youi organization had given it any consideration, and that is the financial soundness of the Federal Government.

Now, for approximately 10 years we have lived beyond our income in America, roughly spending about $2 for every $1 that we receive. As a result of the defense program we are speeding up the pace and spending $3 or $4 for every $1 that we receive in spite or our new tax bill that we hope to pass.

Now, do you see in that situation a threat to American labor—the continued unbalance of the Federal Government? We now have a $100,000,000,000 debt as an immediate prospect and some people today are discussing a $150,000,000,000 debt.

Mr. Green. Well, naturally we are moved by feelings of apprehension over that situation. How could any thinking person be otherwise? That goes hand in hand with what we believe will be our post-war problems because, if we have an army of unemployed, they must be fed and clothed and cared for. The call will be on the Federal Government and that means expenditure of additional Federal funds with an increase in the national debt.

Mr. Osmers. Do you believe, Mr. Green, that the national debt of the United States has a limit beyond which it cannot retain the faith in its credit?

Mr. Green. There is a limit to the national debt, a safety limit at least, because if the national debt increases out of all bounds of reason then we must have repudiation and a lot of other things; and is there anybody who believes we can go through that without having our governmental and social conditions very seriously affected?

Mr. Osmers. Well, the point I had in mind there was that we are rapidly approaching a time when the carrying charges on the national debt will equal the highest tax revenue that this Nation has ever had. If the situation should arrive which you anticipate, and which I think this committee anticipates, a period of serious unemployment at the conclusion of the emergency, there will be nothing left to do but to inflate the currency in one form or another, and that will bear most heavily on your group, naturally.

Mr. Green. We realize it always bears more heavily upon labor, because we can still remember the stories from abroad when it took a basketful of German marks and French francs to buy a meal.

NO POST-WAR PLANNING ORGANIZED

Mr. Osmers. Yes; that certainly is fresh in our minds.

Now, I believe you were here when I questioned Mr. Hillman this morning. He made a fine witness on the subjects for which he came prepared to discuss, but on the subject of the plans that are being made with respect to this post-war period he was very unsatisfactory, and, of course, admitted that he was being unsatisfactory.

Now, I put the same question to you: Do you know of any body or group in the Government today that is trying to plan our post-war economy?

Mr. Green. I know of none except that it was announced a committee had been created some 6 months ago, as I recall——

Mr. Osmers. That was at the period, if I may interrupt you, that was at the period when a large portion of the Government and the people of the country thought we would be able to have both cannons and butter, but much of that thinking has gone out the window.

Mr. Green. The reason I refer to the appointment of that committee was because I was asked to assign a representative of the American Federation of Labor to serve on the committee. I recommended the appointment of one of our representatives and so far as I know he is serving on the committee. But it is my understanding that that committee is engaged in other work and is giving very little time to the consideration of our post-war problem.

Mr. OSMERS. That wasn't the National Resources Planning Committee, was it?

Mr. GREEN. Perhaps it was the National Resources Planning Committee.

Mr. OSMERS. Apparently they are not actively engaged in planning for that period, because if they were Mr. Hillman certainly would have been aware of it.

Mr. GREEN. I judge so; yes.

The CHAIRMAN. I think, Mr. Osmers, I can answer that question. The President issued an Executive order for a survey of the entire United States, looking toward the solution of this post-war problem, the survey to be particularly directed to public works resettlement and such matters. That is all I know about it.

Mr. GREEN. I think that is it, Mr. Chairman. You have refreshed my memory. I think that is it.

Mr. OSMERS. In other words that committee will get the facts——

The CHAIRMAN. Yes; and turn them over to the National Resources Planning Board.

Mr. OSMERS. That committee will act as a sort of receiving group?

The CHAIRMAN. Yes.

UNEMPLOYMENT IN A. F. OF L.

Mr. OSMERS. How much unemployment do you still have within the ranks of the American Federation of Labor?

Mr. GREEN. Well, unemployment in the ranks of the American Federation of Labor is not very great. I cannot give you the figures now, but I will get them for you and the record. But general unemployment will run about 6,000,000, I would judge.

Mr. OSMERS. For the entire Nation?

Mr. GREEN. Yes; that takes in, if you understand, employables and perhaps unemployables. We have never assembled figures—we have never given out figures as to the number of unemployables and real employables and handicapped and so on.

Mr. OSMERS. Don't you feel that there is room for such a survey at the present time? The reason I suggest that is because of the mail I am receiving here in my office in Washington from people who have been arbitrarily discharged from the W. P. A. following the curtailment of W. P. A. funds. I can tell from the letters that many of these people write that they will never be gainfully employed again as long as they live, due to their background or lack of background—their personality, their temperament.

In other words, there will always be, in this human society, some small margin of it, that is not suitable for institutionalizing, they are not old enough to get a pension, and we are going to have them with us at all times probably, as a Federal problem. In the days gone by the families of these people would generally take care of them one way or another.

CURTAILMENT IN OUTPUT OF CIVILIAN GOODS

Now, do you feel that a curtailment in the production of civilian goods, which is bound to come when priorities become even more general than they are now, will lead to more unemployment?

Mr. Green. I think there will be curtailment in the production of civilian goods. I think we will face that situation sometime, but there is no need for an increase in the army of unemployed even though we do that. We ought to develop a system through which industries affected by priority orders can be immediately transferred into war-production, industries—that is, farm out the production materials that are being manufactured and produced in the larger defense-production industries, utilize the facilities of these plants that are affected by priority orders for defense production.

Mr. Osmers. Do you know of any specific examples where the Government has been able to influence that change from peacetime to wartime manufacture or where they failed to achieve that?

Mr. Green. We are seeking to do that now in aluminum, for instance.

Mr. Osmers. That would be a good example.

Mr. Green. In plants that manufacture aluminum utensils for domestic use they are being affected very seriously by priority orders. Now, they have in every one of those plants a very fine machine set up and for that reason the owners of the plants are quite ready to make such adjustments and uses of their machine tools and other machines as are necessary in order to convert those plants quickly from a consumer-goods manufacturing plant into a defense-production industry.

Now rubber will be affected, copper—probably kitchen utensil manufacturing plants, magnesium plants, and other plants of that kind. All of them possess many qualities that would make it possible to transform them from consumer-goods industries into defense-production industries pretty quickly.

You understand that in some instances a single industry in a community means the life of that community.

Mr. Osmers. That is very true.

Mr. Green. And if you destroy that, by a priority order, you not only have an unemployment problem on your hands but you have a community problem. Now, you can't afford to do that.

Mr. Osmers. The Government is bound to do a certain amount of it. It will be unavoidable. Even if we make a change over in a given plant it will take some time to tool and prepare and equip that plant for its new operation and, of course, there will be a gap between full employment on peacetime goods and full employment on wartime goods—there must be, but are there any other factors that you know of that have slowed down reemployment?

Mr. Green. Well, I can't at the moment, but I think we have probably some figures and some facts that show how some of our consumer-goods industries are being affected or are about to be affected by priority orders. I will be glad to assemble it and send it over to you.

TECHNOLOGICAL ADVANCES AS A FACTOR

The Chairman. Mr. Green, I think I can probably give you a suggestion. Unquestionably technological advancement—mechanization—has increased unemployment, hasn't it?

Mr. Green. Yes, sir.

The Chairman. And they are perfecting these machines all the time and that has something to do with unemployment?

Mr. Green. That has had something to do with it and it will continue to have much to do with it in the days to come. We will face that in the post-war period too.

Mr. Osmers. Mr. Green, you used a term in replying to Chairman Tolan's questioning that I want you to define a little bit better; that was the term "overtrained." I believe you said we should not overtrain these young men.

Mr. Green. What I mean by "overtraining" is not individual overtraining, but overtraining in numbers. It seems reasonably certain that if we are able to meet the demand of stimulated defense-production industries with an adequate supply of skilled labor now—and I know of no shortage of skilled labor of any consequence anywhere at the present time—what are we going to do with this army of skilled men that will be unemployed during the post-war period?

"OVER-TRAINING" IN AIRCRAFT

Mr. Osmers. I suppose you hit that problem harder in the aircraft industry than you do in any other industry. I suppose before we through we will have 1,000,000 skilled aircraft workers in the United States—I am just making a guess—and the chances are, when the war is over, we will need only half a million or a quarter of a million.

Mr. Green. That is an industrial situation which naturally attracts our attention. Of course building is going to be heavy—the demand now for building-trades people is very very great and with steady employment men are being attracted to the building trades.

Mr. Osmers. Now, you made a statement before, that I let pass for the moment, but which is highly controversial. You said you knew of no shortage of skilled labor of any consequence at the present time. Was that your statement?

Mr. Green. That is right.

Mr. Osmers. Why is it that we constantly read in the public press about these shortages of skilled labor?

Mr. Green. Well, I think they are probably based upon some story that originates somewhere rather than because of the facts. Our survey among our skilled people tends to show that there is no substantial shortage of skilled labor.

Mr. Osmers. Well, Glenn Martin, when testifying before the committee in Baltimore, said that his plant was at the present time employing 20,000 people and that by the spring of 1942 they expected to employ 42,000 people.

Mr. Green. Yes.

Mr. Osmers. And in questioning him the committee found that nearly all of the skilled workers that he would use in the 42,000 next year were not competent today as skilled workers; that they would have to be trained by a great number of makeshift programs in the plant and out of the plant, and that they would have to grade up workers to meet the demand.

It seemed to me that there was an acute shortage of skilled labor in that particular industry.

Mr. GREEN. Where?

Mr. OSMERS. In Baltimore, in aircraft production.

Mr. GREEN. Baltimore?

Mr. OSMERS. Yes; at the Glenn Martin factory.

Mr. GREEN. Well, my information is that every airplane factory in Baltimore is supplied with an adequate supply of skilled labor. Now, I may be wrong on that; but if there is a shortage, it is not acute, and, of course, I explained in my statement here where there had been some demand for skilled workers, a small number of skilled workers in international unions like these frost and insulators. Now, the demand came on so quickly it was probably difficult to supply all they required of that character of skilled workers, but they met that situation by joining up with another organization and supplying the number of people that were needed.

A. F. OF L. RESTRICTIONS ON APPRENTICESHIPS

Mr. OSMERS. By and large, Mr. Green, do you feel the policy—it may not even be a policy of the American Federation of Labor, but the understood policy of the American Federation of Labor for the last 10 years, whereby they have restricted apprenticeships over these depressed years—do you feel that policy was a wise one?

Mr. GREEN. Do you mean during the normal conditions?

Mr. OSMERS. During the last 10 years—the so-called depression years.

Mr. GREEN. The trouble was that during those depressed years there wasn't enough apprentices—enough young men made application to take advantage of apprenticeship opportunities to meet the requirements, because there was no work for them and as a result of that the number that was specified by our international unions to serve as apprentices was never equalled because they were all out on the streets.

Mr. OSMERS. In other words it was not a restrictive policy of the American Federation of Labor?

Mr. GREEN. No; it was because the young men did not enter into the building and construction industry and metal trades as apprentices.

Mr. OSMERS. Now, one problem that has confronted this committee at almost every turn of the road has been the problem of the Negro. We have found in studying migration that literally hundreds of thousands of Negroes have moved about the country over the past years—they have come principally from the South; those on the easterly slope of the Appalachians having gone up to New York and Philadelphia and Baltimore and those on the western side of the Appalachians have gone up to Chicago, St. Louis, Detroit, and so on.

We have heard charges many times that the unions of the American Federation of Labor, in many instances, prohibit Negroes from membership.

Now, you have heard, of course, the recent statement, that we all endorse, by the President, that Negroes should take their full part in the defense program.

I would like to ask whether the American Federation of Labor has taken any action in opening the doors of their unions to Negroes?

A. F. OF L. POLICY TOWARD NEGROES

Mr. Green. Well, the American Federation of Labor has repeatedly declared its official policy to be equal opportunity to Negro workers in securing employment and in learning trades. As a result of that policy the American Federation of Labor has organized and helped millions of Negro workers. We endeavor to organize the Negro workers into our unions just the same as we do the white workers. Perhaps you know that the American Federation of Labor organized the Pullman porters.

Mr. Osmers. Yes.

Mr. Green. And gave it a charter of affiliation with the American Federation of Labor and has cooperated with that organization in all the efforts it has put forth to secure better wages, improved conditions of employment and so forth for the Pullman porters.

Now, as to unskilled workers, the one unskilled organization in the building and construction trade, which is the Hodcarriers Building and Common Laborers' Union, admits Negroes into membership on equal terms with the white members and they get the same rate of pay and are put on the seniority lists—thus enjoying seniority privileges, just the same as the white members of that union.

Then in many of the building trade organizations the Negro is admitted as a mechanic—carpenters, bricklayers. Those are two organizations that I know of and I know there are many Negro members of both organizations in different sections of the country.

Mr. Osmers. However, Mr. Green, we might say that in general there is no restriction against the Negro but in particular there is a great deal of restriction against it. Now, I come from the State of New Jersey and I am sure that you are aware of the fact that—I wouldn't say all, but nearly every building trade-union in the State of New Jersey prohibits Negroes from membership. I don't know whether they have it in their constitution or not but as a practical matter no Negroes are members.

Mr. Green. I can't answer that. I am answering what I do know and I do know that the bricklayers and the carpenters have Negro members and I know the building and hodcarriers and common laborers' unions have Negro members. I know they have them in New Jersey and New York, thousands of them.

FRAMEWORK FOR OPERATION OF ALL UNIONS

Mr. Osmers. May I ask this question, because it concerns union organization and is beyond my knowledge:

In the event that one of your locals should exclude a Negro because of his color does your governing body have any control in such a case or any jurisdiction?

Mr. Green. The federation hasn't, because the federation is not an organization—it is a federation of organizations. Each national union is clothed with authority when it is chartered by the American Federation of Labor, to form its own laws, draw up its own constitution and administer its own affairs without interference from any other organization or from the American Federation of Labor itself.

Mr. Osmers. Shall I put it this way: There is no bill of rights or there is no framework——

Mr. Green. There is no set-up here. Our relationship to our international unions is just about the same as the relationship of the Federal Government to the State governments.

Mr. Osmers. That brings up a point that I have in mind. I just started to ask whether there is a framework within which all of these unions must operate? Now, for example, we have the Federal Government and the Federal Constitution provides a framework within which the States are permitted to operate, but no State in the Union can go beyond that Federal Constitution.

Mr. Green. Yes; but the President of the United States cannot go into a State and tell that State what to do either.

Mr. Osmers. No, but if that State should pass a law restricting free speech or free press or something else that was protected by our Constitution then the Supreme Court and the power of the Federal Government would prevent the State from doing it.

Mr. Green. That is because that would affect the Federal statutes or the Constitution and the same is true with us. Now, in our conventions, to show how we handle that, in our conventions the American Federation of Labor itself, as I have said, has gone on record repeatedly in favor of extending to the colored worker equal economic opportunity with the white workers.

Mr. Osmers. I have read that.

Mr. Green. Now, we have done that. Now, then where a union affiliated with us adopts a clause in its constitution that is discriminatory against the colored worker and probably provides that only white members are eligible to membership, then we urge and insist that that union eliminate that bar from its constitution. And, secondly, we say:

"If you refuse to take Negroes, that are covered in your trade, that are working along with your people in some line of work, into your organization, the American Federation of Labor will charter them directly and take them into the American Federation of Labor as a direct chartered union."

That is the way we meet that situation.

Mr. Osmers. I was going to ask you another question but you answered it when you used the word "insist." What retaliatory measures can you adopt?

RACE PROBLEM REMAINS UNSOLVED

Mr. Green. Of course, you understand, Mr. Congressman, that we are living in a very realistic world and we are dealing with the realities of life. We have many problems that are real and we still have the race problem.

Now, some of us believe there should be no race problem as far as economics are concerned while there are others that look at things differently. Now, we can't help that point of view. It is real. But we are dealing with it as best we can and fortunately here in America we have been breaking down that prejudice that has existed for some 40 or 50 or 60 years.

Now, I think if we will all be reasonable eventually we will be able to overcome these problems, but we can't do it by waving our hands.

Mr. Osmers. That is true and I appreciate the difficulties that you meet.

Mr. Green. You understand that?

Mr. Osmers. Yes, sir; because you have something that has come before this committee on many occasions. Representatives of Negro groups have come before this committee and said why this company or this corporation refused to employ Negroes, but upon investigation we found that the company or corporation involved had absolutely no feelings on the subject whatsoever, but they reported to the committee that if they had brought in colored workers into their plants, that they would have had serious trouble with the white workers who were then employed.

Of course we get right back to what you said before, we still have a race problem in this country.

Mr. Green. Just that; and some employers unload those things on their workers.

AGREEMENT BETWEEN GOVERNMENT AND BUILDING TRADE UNIONS

Mr. Osmers. Is it true that there is in prospect now the possibility of a master agreement between the Government and the building trade-unions similar to the shipbuilding agreement?

Mr. Green. Yes, sir.

Mr. Osmers. That will cover all of our building trades connected with national defense?

Mr. Green. Yes, sir; that has been negotiated and as I understand it is waiting merely this determination, as to whether the situation requires the issuance of an Executive order in order to make it legal and effective or whether it automatically goes into effect.

Mr. Osmers. That would be an extremely desirable thing, would it not, Mr. Green?

Mr. Green. It would have a wonderful stabilizing effect.

Mr. Osmers. I certainly agree that it would, and I express my personal wish that it is successful.

I concluded because about the only way we are going to be able to prevent this spiral, that is well started now, from getting out of hand is through these stabilizing agreements. Of course I read with a great deal of interest this survey of conditions in defense areas which you submitted to the committee and as a document it is a valuable thing to us when it gets down to cases.

There is one thing that impresses me:

> All over the United States workers are paying about 30 percent more rent—

just to quote from one place; another:

> Within the last 2 months all commodities, services, and rents have gone up. Rents are exorbitant—

and other quotations.

ACTION TO MAKE STABILIZING AGREEMENTS EFFECTIVE

Now, is it your opinion that if we are to stop migration in the United States, that the Federal Government is going to have to take action that will make these stabilizing agreements effective by putting the damper on the increase of some of these living costs? It is a lot easier said than done, I realize.

Mr. GREEN. You know you are dealing with a very difficult economic problem when you attempt to deal with price control?

Mr. OSMERS. I appreciate that.

Mr. GREEN. And the laws which govern economics are very stubborn. They don't yield to artificial means, and artificial remedies, very well; so when we go into that field we are trying to accomplish a very difficult task.

The one thing that in my opinion will tend to keep rents down, particularly at a reasonable level, would be the development of an adequate housing program, one that would run parallel with our industrial development and that would, month by month and year by year, meet our housing requirements.

As long as there is a scarcity of houses, rents are going to be high in that community and nobody can change that.

Mr. OSMERS. They probably would enter into secret agreements, over and beyond whatever the Government established, in order to get living quarters?

Mr. GREEN. They would, of course. You couldn't control that.

Mr. OSMERS. Sort of a bootleg situation?

Mr. GREEN. Yes, sir; it is just like there being one apple and everybody wants that apple. The price of that apple will be affected and that is the way it is with housing.

I referred to that in my statement and I would request you go into that. I think I have some valuable information here as to the housing problem and the need for the development of our housing program. That, Mr. Chairman, is one of the economic features that can be considered as a partial remedy for our post-war difficulties—the preparation for the launching of an adequate housing program, when we see we are approaching the end. It will create work opportunities not only in the manufacture of material for housing but in housing construction.

NO PRIORITIES ON BUILDING MATERIALS

Mr. OSMERS. Do you expect the use of priorities with respect to building materials?

Mr. GREEN. No; I don't think it will ever prevent essential building.

Mr. OSMERS. You don't think it will do that?

Mr. GREEN. I don't think it can afford to do that.

Mr. OSMERS. That is all I have, Mr. Chairman.

The CHAIRMAN. Congressman Arnold?

Mr. ARNOLD. No questions.

The CHAIRMAN. Mr. Green, you have been very patient and very clear and very able, but there is just one question that I want to ask you because I am still deeply concerned about what is going to happen afterward. Now, on page 14 of your statement I think is a most striking statement. Let me read it to you:

> Defense work is expected to be temporary. If justice is done to those forced into it by priorities and if it is to be made attractive enough to induce many other workers to accept defense jobs voluntarily, these equities should be compensated for. Unemployment compensation alone, limited as it would necessarily be under reasonable standards, is not adequate for that purpose.

And you go on to state how inflation can be avoided.

Now, you see, if you as president of the American Federation of Labor and speaking for that great organization, and if management could outline some plan along the lines that you have made in your statement, there is your real cushion.

Now, at the San Diego hearings we had a witness who testified that in Connecticut the shipbuilding plants would add to the cost of production or add to their contracts a reasonable amount to take care of the unemployed afterward. We went into Connecticut but we couldn't find a thing about that. But as I say again, it is the word "compulsory" that stands in the way. We can't tell them they have got to save but just as sure as we are here today the cushion is going to be the savings of the workers themselves.

For that reason they cannot be charged exorbitant rents. They have to receive a wage out of which they can save something, isn't that right?

Mr. GREEN. That is right.

SPECIAL CATEGORY OF SOCIAL SECURITY

Mr. OSMERS. I want to recall some suggestions that were made to the committee some time ago and I would like to get Mr. Green's reaction, now that you have brought that very important point up.

The suggestion was made, and I joined in that suggestion and still feel the same way about it, that a special category of social security should be established for people employed in purely defense industries and that from those workers and from the Government and from the employer should be exacted a higher percentage from their salaries than at the present time in civilian life, for the reason that when this emergency is over these people will not go back to work in the normal course of things. It will take a longer period of time and they are entitled to longer social-security payments before relief is considered, than the normal worker is entitled to. What do you think of that suggestion?

Mr. GREEN. There is much merit in that suggestion, I think, although it would be difficult to differentiate purely defense employment in many cases, and unemployment will affect all workers in a post-defense period. All of us, of course, have thought about that phase of the problem and I was thinking about that when I appointed a defense committee here about a week ago for the purpose of specializing in national-defense problems, and I am looking for suggestions myself because I have a clear understanding and a deep appreciation of the seriousness of the problem, and that ought to be, perhaps, considered in connection with other remedies to be used in meeting our post-war problems.

Mr. OSMERS. It is very much before this committee because at the conclusion of the emergency we may see migration in the United States such as we have never seen before, looking for employment opportunities.

The slightest whisper or rumor will send thousands of people out across the country somewhere to 50 jobs and we don't want that to happen. It would be cruel and bitter to these people that have helped to defend their country, in the plants.

Mr. GREEN. That is right.

The CHAIRMAN. You see, Mr. Green, as we traveled over this country the one bright spot was that we are not waiting like we did in the World War No. 1. We are getting on top of it now, by listening to men like you and others, and if we get the facts first, probably we will get some solution, but we can't let it go as we did after the last war.

Mr. GREEN. No; we can't afford to do that now because economic conditions have changed, you know, since 25 years ago, and I don't know whether the country could meet the social strain.

Mr. OSMERS. We are in a little bit different financial position than we were at that time, too.

Mr. GREEN. That is right.

The CHAIRMAN. Well, Mr. Green, I express my own appreciation and the appreciation of the members of the committee for your appearing here today. It has been a very valuable contribution and I hope we have the privilege of hearing you again some time.

Mr. GREEN. Thank you, Mr. Chairman, and I want to say if we can be helpful to you further call upon us and we will respond wholeheartedly.

(The following letter, dealing with subject of post-emergency social security, was received subsequently from Mr. Green and accepted for the record:)

EXHIBIT B

AMERICAN FEDERATION OF LABOR,
Washington, D. C., July 28, 1941.

HON. JOHN H. TOLAN,
*Chairman, House Committee Investigating National Defense Migration,
Washington, D. C.*

MY DEAR CONGRESSMAN: Taking advantage of your invitation to extend my remarks before the House Committee Investigating National Defense Migration, I would like to develop further the kind of social-security system which we believe should be created now in order to prepare the Nation to meet the post-defense crisis.

The problem of employment is clearly shown by the migration of workers to be a national one, not confined to a single State or section. Post-defense unemployment will be Nation-wide and can be solved only by national measures. With that in mind we urge the consolidation of the loosely knit and inadequate Federal-State unemployment compensation system into a comprehensive Federal program of social insurance. This comprehensive program should have a single pooled fund for the multiple insurance benefits, designed to compensate in part for loss of wage income involuntarily imposed on workers and their families by events beyond their control, unemployment, old age, premature death, temporary and permanent disability, and for supplementary payments to cover in part at least the costs of medical care and hospitalization which would permit workers and their families to get the attention they need and which is not now within their financial reach. This fund should be created by the joint contributions of employers and employees, and a payment from general tax revenues.

The American Federation of Labor has upheld employer contributions alone for unemployment compensation, believing that workers bear a sufficient burden in their loss of income uncompensated by insurance and that the expense of unemployment compensation is a legitimate business expense. We have always supported the contributory plan for old-age and survivors' insurance. In a comprehensive plan, providing for general social insurance which will protect wage earners and their families against the financial burdens of ill health and disability as well as unemployment compensation we believe workers' contributions are entirely justified.

The coverage of this comprehensive system must be broadly extended to those groups of workers now excluded from protection. Special provisions should be included to protect existing rights or create rights for persons who serve the Nation in military or civilian defense. The diverse and inadequate provisions of State unemployment compensation offer little protection against the mass of unemployment we must prepare to combat at the end of the defense program. Wide extension of coverage is essential to create an equitable system.

In the midst of waging war, Britain has found it desirable to enlarge and improve its program of social insurance. The morale of the Nation was improved by the consideration thus given to caring for social needs of its people. We urge this comprehensive social insurance system for the purpose of creating a better living for our working people and their families and to give the Nation as a whole a more adequate defense against the economic and social problems which will beset it. We need now to get ready to hold up the Nation's purchasing power when unemployment is general. We need now to protect American families from the disrupting effect of loss of income when the wage earner is disabled temporarily or permanently. We need in both peace or war to make it possible for all our people to save in advance through an insurance program for necessary medical care. Our road to a healthier, stronger Nation with unshakable morale lies through building greater security for our people.

Enlarging our contributory insurance program now would have the further effect of reducing consumers' expenditures by collecting social-security taxes on a broader base and creating reserves which will be used when needed later to sustain consumption and encourage production. With a single pooled fund there will be greater economy of operations and the wider spreading of risks will make possible more liberal benefits in relation to the necessary reserve. Consequently benefit payments will have a greater influence on the post-defense period than would otherwise be possible.

The American Federation of Labor urges Congress to plan for such a comprehensive national program, providing for old age and survivors' insurance, with extra income for medical and hospital care for all workers and their families, financed from a single fund built up on a contributory basis by employers, employees, and the Government. I cannot stress too strongly how important I feel this program to be to our Nation. Both now and when we again face serious depression and unemployment we need a national system, soundly financed, and able to pay benefits which will be adequate to prevent much distress and to keep our purchasing power from collapsing while we are adjusting our economy again to a peacetime production. Now while we still have time we should build our social insurance system into a comprehensive program which will protect us from economic chaos later. The limited coverage of the present social security law, its failure to provide disability insurance and aid for medical care, and especially the complete inadequacy and confusion of our 51 unemployment compensation laws make the existing system incapable of doing the job that will need to be done.

Sincerely yours,

WILLIAM GREEN,
President, American Federation of Labor.

The CHAIRMAN. The committee will recess until 9:30 o'clock tommorrow morning.

(Whereupon, at 4 p. m., the committee adjourned until 9:30 a. m., Wednesday, July 16, 1941.)

NATIONAL DEFENSE MIGRATION

WEDNESDAY, JULY 16, 1941

House of Representatives,
Select Committee Investigating
National Defense Migration,
Washington, D. C.

The committee met at 9:30 a. m., Hon. John H. Tolan (chairman) presiding.

Present were: Representatives John H. Tolan (chairman), of California; Laurence F. Arnold, of Illinois; Carl T. Curtis, of Nebraska; and Frank C. Osmers, Jr., of New Jersey.

Also present were: Robert K. Lamb, staff director; Mary Dublin, coordinator of hearings; F. Palmer Weber, economist; and John W. Abbott, chief field investigator.

The Chairman. The committee will please come to order.

Our first witness is Mr. Gill, Assistant Commissioner, Work Projects Administration.

TESTIMONY OF CORRINGTON GILL, ASSISTANT COMMISSIONER, WORK PROJECTS ADMINISTRATION, WASHINGTON, D. C.

The Chairman. Mr. Gill, I have read your statement with a great deal of interest, particularly along the line of prevalent opinion in the United States, that this national-defense program is not going to take care of all unemployment.

Our committee has found out that is quite accurate and I think your paper presents some very startling facts and figures along that line.

Mr. Gill. I wonder if it would meet with your approval if I read the statement. It is comparatively short.

The Chairman. All right, Mr. Gill, you may proceed.

Mr. Gill (reading). In many respects the unemployed in this country face a very precarious situation. In the year ahead they will get relatively less help than at any time since the Federal Government accepted the responsibility of providing jobs for destitute workers.

In still another way, the unemployed face a bleak outlook. Many people think the armament program will provide jobs to all who want to work.

However, the defense program will by no means provide all of the unemployed with jobs. The remaining unemployed workers will become the object of increasing resentment. The ancient prejudice which held that anyone who wanted a job could get one may again ride high and become the typical general attitude toward the unemployed.

The great strides taken in the handling of the unemployment problem in recent years were possible only because this prejudice was largely broken down. The unemployed, therefore, stand to lose in two ways: In loss of public employment and in loss of public sympathy and understanding.

"STATISTICALLY LIQUIDATING" THE UNEMPLOYED

There has been a lot of loose talk about reemployment and unemployment since the war started. Judging from some of the statements made a year ago, there should be no unemployment now. We still hear such statements about unemployment in the coming year. There has been too much of a tendency to liquidate unemployment by statistical calculations rather than by the development of job opportunities.

The statistical calculations started from such facts as these: Industrial production is at a record-breaking level. Feverish activity is evident in centers of defense production. Employment has increased sharply. Between May 1940 and May 1941, nonagricultural employment increased 3.1 millions. In the same period the armed forces were augmented by 1.2 million. Total industrial production in May 1941 was 32 percent above the 1929 high.

These are the statements one sees in the newspapers. They are true, but they do not tell the whole story. A full defense effort, as well as humane considerations, requires the review of all of the facts.

A full defense effort means that we can no longer afford the luxury of idle men any more than we can afford idle steel or aluminum capacity. The Nation needs the output of every worker. The country cannot afford the corroding of morale which results from the denial to large groups of the right to participate in our productive effort and the right to earn a living. It is a curious paradox that while Hitler is importing labor we are deliberately denying ourselves the use of a significant proportion of our labor supply.

After a year of intense defense activiity, total employment in May was still below the peak of 1929. Agricultural employment was 1.5 million less than in May 1929, and markedly below the seasonal high of 1929. Nonagricultural employment last May was only 800,000 above the 1929 peak. Total employment, therefore, is less now than 12 years ago, but total production is much higher. The rapidly increasing mechanical productivity of our industrial plant explains in part the failure of employment to keep pace with production. Output per manhour in all manufacturing increased 34 percent from 1929 to 1939.

LABOR FORCE UP 600,000 NET EACH YEAR

Every year there is a normal net increase of 600,000 in the labor force. This is a net increase over and above those that leave the labor market because of old age or for other reasons. Since 1929 the normal growth of labor supply has amounted to at least 7,000,000 persons. To provide full employment, industry must expand continuously to offset the disemployment created by technical improvements and to absorb the ever-rising crop of new workers.

Additional allowance must be made for an abnormal growth of labor supply during this emergency period. It has been estimated by Mr. Chester Davis that there were 5,000,000 workers in rural areas in 1940 who were either unemployed or who were too unproductive to maintain decent income levels. Some of these workers have already been attracted into the industrial labor market. Better employment opportunities and higher wages are also attracting into the labor market youth who otherwise would have remained in school, housewives who normally would not work, and older persons who had retired.

None of the published estimates of unemployment makes allowances for this abnormal influx. This deficiency in the figures on unemployment will become much more serious as the defense program expands. During World War I, more than 3,000,000 extra workers were drawn into employment in this way. An abnormal increase in the labor supply of 1,000,000 during the fiscal year 1942 is a conservative estimate.

AVERAGE HOURS OF WORK

Average hours of work are also an important consideration. Average hours declined from about 48 in 1929 to 40 now, a reduction of 17 percent. The reduction helped to maintain employment when production was declining.

However, hours are now being increased and this restricts the rate of employment. The Bureau of Labor Statistics reports that average hours in manufacturing advanced 7 percent from July 1940 to May 1941. In 17 key defense industries the number of workers in April 1941 was 45 percent greater than April 1940, but the number of man-hours worked was 62 percent greater. If these industries had not exceeded the standard 40-hour week, they would have required 204,000, or 9 percent more workers. There is still ample room for expansion of output by increasing hours. More than 8,000,000 workers are still employed less than 40 hours—many of them less than 30 hours.

CONCENTRATION OF CONTRACTS IN 20 AREAS

The defense stimulus has been very highly concentrated. Twenty industrial areas received 65 percent of all prime defense contracts awarded through June. A very highly concentrated awarding of contracts was necessary because industrial plants in this country have been concentrated in a relatively few areas.

These 20 areas contain only 27 percent of the population of the country and only 23 percent of W. P. A. employment. Eight of these 20 industrial areas with only 18 percent of the population and 16 percent of W. P. A. employment have received 45 percent of all prime defense contracts. There are 2,300 counties with no direct defense contracts at the present time.

Even in defense areas, unemployment has not been eliminated. Opportunities for jobs have attracted large numbers of workers from other areas and from farms. Because of age, color, lack of citizenship, or required skills, many persons now counted as unemployed are unable to compete with these new entrants into the labor market.

The period of very rapid production increase is now nearly over. From June 1940 to May 1941, the index of industrial production advanced 24 percent. In the latter month the index was at 150 percent of its 1935–39 average. Standard and Poor's Business Advisory Service stated on June 27, 1941:

> Whatever the figure the index eventually reaches, the fact of the matter is that our production facilities are being taxed at the present time and further gains in composite production from current levels will be limited by growing shortages of manpower, materials, and machinery.
>
> Indeed, because of the prospective curtailment in the output of many nondefense materials, there is some question whether the present index will exceed 160 to 165 percent of the 1935–39 level at any time during the duration of the defense program.

MATERIAL SHORTAGES, ACTUAL AND THREATENED

Shortages are evident in industry after industry—machine tools, shipbuilding, shipping facilities, railroad equipment, aircraft, aluminum, magnesium, steel, nickel, copper, zinc, neoprene, and others. Serious shortages are threatened in electric power, gasoline and oil (in the East), rubber, textiles, and practically all imports. The situation is rapidly becoming worse. The recent Dun report estimated there will be a shortage of 6.4 million tons of steel in 1942. Automobile production is already scheduled for a 20 percent cut, and most trade authorities doubt that materials will be available for even 50 percent production.

It takes time to build new plants, to develop new sources of material, or to train highly skilled labor. Shortages have given rise to official priorities on many of the above products. The purpose of priorities is to ration materials when demand exceeds supply. The most urgent defense needs get first call. What is left is divided among other defense uses and civilian consumption. The effect of priorities is to shift shortages from defense to nondefense production.

BEARING OF SHORTAGES ON EMPLOYMENT TREND

The bearing of these developments on the rate of reemployment and the volume of unemployment is direct and immediate. Insofar as priorities are substituted for new plant capacity, total production and employment fail to expand. Unemployment is created in nondefense industries that are unable to obtain equipment and materials. The prospective cut in automobile production will result in large losses of employment not only in Detroit but also in garages, service stations, and retail sales organizations throughout the country.

The Wall Street Journal on June 28, reported that—

> One conservative official estimates a 50 percent reduction in automotive operations this fall would add more than 100,000 workers to relief rolls in Michigan alone.

On June 26, in reporting the results of a survey on the effect of defense needs on civilian production, the National Industrial Conference Board said:

> Nearly 80 percent of the executives reporting say that they expect to have to curtail production of civilian goods in the near future. A number of them do not see how they can continue their present production rates beyond another 45 or 60 days. Executives say they do not see how they can continue to supply durable goods to civilians in anywhere near adequate volume, in view of the fact that the 1941 defense program, according to the Office of Production Management is expected to absorb about 64 percent of last year's durable goods capacity and that the 1942 defense program calls for 6 percent more durable goods than were turned out for all purposes in 1940.

In a recent address, Mr. Peter Nehemkis, of the Office of Production Management, stated that—

> Priority orders have had drastic effect not upon a few concerns but upon entire industries. Already not less than 10 entire industries whose supplies have been either drastically curtailed or completely shut off must either close down or enter a new line of production.
>
> Indeed, before the end of this summer, we may expect to find one-third of American industry faced with the grim reality of "guns versus butter."
>
> As the tempo of the wartime economy gains increased momentum, you may expect to find for a time not less but more unemployment; not less but more idle machines.

SHAKE-UPS CAUSED BY CHANGING PRODUCTION SCHEDULES

Employment shake-ups resulting from the forced changes in production schedules, transfers, and shut-downs have been numerous. Workers are transferring to defense jobs, in some cases en masse, as entire plants shift from nondefense to defense production. The point here is that defense jobs are being filled by persons who transfer from one industry to another, and that vacated jobs in nondefense industries will not be filled. The net effect is that defense labor requirements are being met without corresponding increases in total employment.

Workers being forced out of nondefense industries by priorities and shortages are not always able to find new jobs. Many such workers are handicapped because they lack certain required skills or live in sections of the country where no defense jobs are available.

It should also be emphasized that mere passage of appropriation bills does not in itself provide jobs. The funds must be spent. Shortages of plant capacity, skilled labor, and materials, as well as the tremendous management problem that is involved, mean that there is a large gap between appropriations and expenditures.

DEFENSE EXPENDITURES AND THE NATIONAL INCOME

Moreover, defense expenditures do not constitute a net addition to national income because of reductions in income in nondefense lines. If we assume that cash defense expenditurse for fiscal 1942 will approximate the 15.5 billion predicted recently by the Director of the Budget, national income should increase by about 10 billion.

On the basis of past relationships between national income and employment, a $10,000,000,000 increase in national income should result in an increase in employment of about 2.5 millions. On an average monthly basis, this would be a somewhat smaller rate of increase than the average of 265,000 a month for the period June 1940 to May 1941.

In translating these employment increases into probable changes in unemployment, it must be remembered that there will be the normal net increase in the labor force of 600,000. There will also be a substantial abnormal increase. Many of the new jobs will go to these induced entrants who are not now counted as unemployed.

ESTIMATE OF DECLINE IN UNEMPLOYMENT

We are of the opinion that the average decline in unemployment during the fiscal year 1942 will not be more than 1.5 million, and that total unemployment will probably average about 5 to 5.5 million. The Work Projects Administration will be able to provide jobs for only 1,000,000 of these unemployed persons.

Of this number, some 250,000 will be employed on projects certified as necessary for national defense. In addition, the W. P. A. will further the defense program through an expanded training program. It is a well-known fact that in many defense centers shortages of trained labor have developed. In the past fiscal year the W. P. A. training program has offered training to 115,000 persons; of the 80,000 who have completed training, about 65 percent have obtained jobs.

At the present time we are developing an additional program of in-plant training, under which workers will go into plants and receive training on the job. They will be paid by the W. P. A. At the end of the short training period—usually limited to 4 weeks—they will be terminated by the W. P. A. and placed on the employer's pay roll. A short statement on the W. P. A. training program will be inserted in the record.

Since roughly 5,000,000 will be unemployed during fiscal 1942 and since W. P. A. will be employing only 1,000,000 of these, there is no possibility of a general labor shortage. Such shortages as occur will involve highly skilled occupations and will be confined to certain localities. In the farm labor field, we are cooperating with the Department of Agriculture in an effort to insure that the continuing surplus of farm labor will be available at the right times and places. More detailed statements on labor shortages and on the effect of the defense program on unemployment will be inserted in the record. [Reading ends.]

(The following supplementary statements were introduced by the witness for the record:)

SUPPLEMENTARY STATEMENTS BY CORRINGTON GILL, ASSISTANT COMMISSIONER, WORK PROJECTS ADMINISTRATION, WASHINGTON, D. C.

The Effect of the Defense Program on Unemployment

There is a widespread impression that the problem of unemployment and need is rapidly disappearing under the impact of defense expenditures. The effect of the defense program on unemployment will depend upon (1) the extent to which production increases; (2) the amount of employment that is provided by this increase in production; and (3) changes in the labor supply The level of output will determine the volume of employment. There are various obstacles to increases in output that operate as drags on the rate of reemployment. It is the purpose of this analysis to outline these various obstacles in order to suggest why the transition to full employment cannot be achieved within a few months, in spite of the billions that have been appropriated for armaments.

FACTORS AFFECTING EXPANSION OF OUTPUT

Bottlenecks.

The level of industrial production during fiscal 1942 will be seriously affected by bottlenecks. The placing of approximately $20,000,000,000 of orders for armaments on top of existing demand has resulted in capacity shortages in certain crucial fields of production. Bottlenecks already exist in the following fields; machine tools, shipbuilding capacity, shipping facilities, skilled labor, plane engines, steel, aluminum, magnesium, nickel, neoprene, zinc, and copper. Bottlenecks are likely to appear in certain other fields, including railroad equipment, electric power, and imports from the Far East.

Since production has reached capacity in the important fields enumerated above, further substantial increases in industrial output must wait upon additions to plant and upon measures to increase the supply of certain essential raw materials (especially minerals, such as copper, nickel, and zinc). The interdependence of industrial activity diffuses the effects of delays due to bottlenecks and the result is a general drag upon expansion of output.

Steel has been called "the needle's eye through which the country's whole economy has to pass." The first Dunn report holding steel capacity to be adequate has already been supplanted by a second report predicting a deficit of 1.4 million tons in 1941 and 6.4 million tons in 1942. Dunn's estimate of the shortage is probably still too low. All indications are that civilian consumption of steel will be severely restricted.

On March 1, 1941, the Federal Power Commission said that the electric power industry should increase its proposed expansion of generating capacity by more than 26 percent during 1942. The Commission implied that thus far the industry has far underestimated the demands which will be put upon it and warned that continuation of this underestimation might bring serious trouble. Since the Commission's study was completed, both the defense program and aid to Britain have been expanded. Moreover, it takes from 18 months to 3 years to install generating facilities and the current backlog of unfilled orders for electrical equipment may prevent installation at the normal rate.

Capacity operations have been reached in a growing number of raw-material industries. Supplies of critical materials are being expanded but indications are that there will not be enough of these materials to meet both civilian and defense needs. Production of consumer goods will probably be affected to an increasing extent with a resultant drag on the rate of reemployment.

There have been no significant additions to the supply of skilled metalworkers, machinists, and tool-and-die makers. Many of the thousands of skilled workers who will be sought during the next few months will not be available unless there are radical new developments in training, upgrading, and simplification of production processes.

The problem of obtaining expansion of capacity.

Delay in obtaining the required plant expansion arises basically from the fear of excess capacity during the postdefense period. To the extent that the expanded facilities are not required for peacetime production during the postdefense period, private capital invested in defense plants will be subject to losses. The problem, therefore, is to persuade businessmen to act in terms of an expanding economy.

The difficulty of expanding capacity is also related to the monopoly question. Concentration and monopoly play important roles in determining the volume of investment, and such conditions are especially pronounced in certain fields where plant expansion is required by the defense program. In industries dominated by one or a few corporate giants with high fixed costs, investment decisions are made with more than ordinary hesitation and deliberation. Sentiment is apt to be strongly on the conservative rather than the expansionist side. Plant expansion that threatens at some future date to disturb the value of existing properties because of excess capacity is likely to be retarded if not entirely avoided, even though such investment promises favorable returns over the next few years. Concentration is especially pronounced in certain fields where expansion of capacity is urgently required if schedules of defense production are to be met.

Last summer, defense production was postponed until Government and industry could agree on means to bring capital into the defense program. Irretrievable months of time were lost while an amortization policy was formulated that would be satisfactory to business interests. In spite of the arrangements adopted, the required amount of plant expansion has not been obtained. Much larger expansion is both necessary and possible. The question is whether more time will be wasted by another protracted period of bargaining with private investors over terms.

Priorities.

Skyrocketing defense demands for such materials as aluminum, chromium, zinc, and steel has begun to create an acute shortage of these crucial materials. Such shortages have given rise to official priorities. The Priorities Division of the Office of Production Management has imposed industry-wide mandatory control over 14 materials and classes of materials. Inventory control is exercised over 15 metals and classes of metals. The priorities critical list contains approximately 300 items and classes of items on which Army and Navy orders can automatically be given priority.

Priorities are the alternative to expansion of capacity; their purpose is to ration materials when demand exceeds supply. The most urgent defense needs (planes and ships) get first call; other defense uses then receive allocations. Civilian demand is met as far as possible out of the remaining supply.

Civilian production is already being seriously affected. More and more businessmen are waking up to the fact that while business is good, supplies are short. Rationing is increasing all along the line. To a greater and greater extent, materials and supplies that would normally be used in the production of durable consumers' goods are being diverted to the production of armaments.

On May 28, the Wall Street Journal reported that "Side by side with booming defense plants are others which are slowing production, operating in fits and starts, laying off workers. Especially hard hit have been small enterprises."

On June 17, an Office of Production Management official reported that as much as one-third of American industry may be faced with the necessity of closing down before the end of summer if means are not found to utilize their facilities for defense production. Not less than 10 industries have had their supplies either drastically curtailed or completely shut off. This official said that we may expect to find for a time not less but more unemployment; not less but more idle machines.

Efforts are being made to find substitute materials in order to meet civilian demand. In cases where satisfactory substitutes are not available, plants are seeking to obtain subcontracts for defense work. Such shifts mean simply a diversion from civilian production; they obviously limit the amount of reemployment.

Important industries faced with slowdowns or shutdowns include automobiles, washing machines, refrigerators, radios, vacuum cleaners, and air conditioners. The reason is that durable consumers' goods are made of the same materials as ships, tanks, guns, and airplanes, and there is not enough of such materials to fill both needs.

STEEL AND THE AUTO CURTAILMENT

Steel is the most widely used of metals. It enters into the manufacture of thousands of products. On June 13, the Office of Production Management advised 13 companies that they should curtail production of sheet and strip steel for nondefense purposes and use strip-mill capacity thus released to turn out more plates for shipbuilding, railroad cars, and other urgent defense needs. Such diversion will be at the expense of automobiles, refrigerators, and other products that use flat-rolled steel.

Of the 20 percent forced reduction in automobile production scheduled for August, the Wall Street Journal says that "Thousands of auto workers will have about 5 months of standing idly on street corners. Defense jobs won't be ready for them until the end of the year." While the Office of Production Management has thus far requested only a 20-percent curtailment, Business Week reports that manufacturers do not expect to finish the 1942-model year with more than 50 percent of the 1941-model output. Further cuts will be imposed by the Office of Production Management in order to assure the availability of scarce materials that are necessary for defense purposes.

Diversion of metal from nondefense uses is expected to check the increasing consumption of steel in private building. Priority ratings are expected to hit private dwellings, apartments, theaters, and shops.

Early this month Iron Age stated in an editorial that "curtailment in civilian steel shipments far beyond anything imagined a short time ago is being forecast. * * * Some mills estimate that as high as 60 percent of new orders are linked directly or indirectly to defense needs."

Aluminumware companies that have been unable to shift to defense production (or to products made from other metals) have reduced employment to as low as 25 percent of normal. Manufacturers of radios expect curtailment of output comparable with that faced by automobile companies. The Army figures that a four-engine bomber uses as much aluminum as goes into the manufacture of 60,000 coffee percolators or more than 30,000 kitchen utensils. Defense needs for aluminum in June were expected to take from 95 to 100 percent of all the metal available, including scrap.

Present predictions are that there will be insufficient gasoline on the east coast to supply civilian demand because of the transfer of 50 tankers for aid to

Britain. Any curtailment of the use of automobiles will be reflected in the employment provided by the network of related service and supply industries.

Because of shipping uncertainties and in order to assure the completion of adequate stock piles, the Office of Production Management has ordered a cut in the use of rubber. Rubber is to be rationed to processors in amounts almost 25 percent less than they are presently consuming. Sharp curtailment of the manufacture of tires and thousands of other civilian items made from rubber is inevitable.

It is becoming increasingly clear that such results are involved in the rapid shift from civilian to defense production. Use of priorities will continue to broaden; more and more industries must obtain a defense rating or gradually be shut off from supplies of materials. The consequent curtailment of civilian production is one of the primary reasons why the vast expansion of employment that has been predicted for this next year will not materialize.

Curtailment of civilian-goods output could have been largely avoided by earlier expansion of capacity in bottleneck areas. But industry has been reluctant to expand. As defense output increases during the coming fiscal year, additional civilian-goods industries will be forced to curtail output and employment because they cannot obtain materials. To the extent that the list of priorities is expanded, increases in armaments production will be at the expense of civilian production so that increases in arms output and employment will not be net gains. For this reason, total employment will increase more slowly.

Now that priorities have been resorted to, there is the further danger that emphasis will swing from addition of new plant capacity to shifts in the use made of existing plants. If, instead of building new plants to meet the increased demand, plants now engaged in producing civilian goods shift to the manufacture of armaments, the effect will be to freeze output and employment at a point far short of potential capacity, and a large volume of unemployment will persist even at the height of the defense program.

Frictional maladjustments.

Certain optimistic estimates of reemployment for fiscal 1942 have failed to make adequate allowance for certain inevitable frictional maladjustments: (1) The Nation's industries that have been geared for satisfying only peacetime needs must quickly be redirected to produce a maximum of armaments, and such adjustments are time consuming; (2) the difficulties of bringing all available capacity into defense production involve a tremendous management problem; (3) and the accumulation of excessive inventories (to guard against price rises and shortages) means maldistribution of scarce materials and delays in the expansion of total output.

Structural adjustments are time consuming.—To a large extent, the demand for armaments means that American industry is called upon to produce new products. In many cases, the handling of defense contracts involves only relatively simply conversions—swords can be made in plow factories. Any shift in the direction of production, however, inevitably involves maladjustments that are time consuming. Because tanks and locomotives are both heavy vehicles made of steel, it is far too easy to assume that a shop experienced in making the one can turn to the other.

Eventually, machine guns will be produced by companies formerly manufacturing such products as refrigerators, gears, electric lights, and spark plugs. But munitions are infinitely more complex than peacetime machines, and very few of them lend themselves readily to the methods of the assembly line.

Unaccustomed materials and parts must flow in vast quantities along new routes. Innumerable frictions and delays naturally develop in this flow. Delays in the arrival of new equipment and shortages of materials have the effect of postponing hirings. Even after the initial tooling-up is accomplished, and large-scale production of armaments has begun, "bugs" creep in. New plants are coming into production month by month, and production in these individual plants cannot be expected to move smoothly at the outset.

The concentration of defense production in comparatively few areas has raised serious problems concerning the geographical availability of labor. Enormously expanded production and employment in these few areas means the hurried transplanting into congested centers of thousands of people. Great housing projects must be undertaken, and the necessary community services must be provided for these new populations. Labor turn-over becomes excessive because workers are unable to find satisfactory living quarters for their families, and this reduces output. At the same time, in other communities many productive facilities are only partly used and labor is unemployed.

It is problems of this sort that are involved in the statement that structural adjustments are time consuming.

Difficulties in bringing all available capacity into operation.—The bulk of defense contracts has been awarded to a comparatively small number of industrial concerns. Orders have been piled on the larger concerns for at least two reasons: (1) They have the facilities and established managerial ability to handle large orders; (2) it is easier to deal with a limited number of large concerns than with thousands of smaller ones. It would probably have taken months longer to break contracts down into parts and negotiate with numerous smaller concerns. The Army and Navy turned to the manufacturers whom they had previously done business with. That was the quickest way to get started.

Thus, while 511 concerns received prime contracts of $100,000 or more during the last half of 1940, 114 of these accounted for 95 percent of the total ($6,700,000,000 out of $7,000,000,000). Sixty-eight companies had received about two-thirds of the $14,200,000,000 of defense contracts let by March 14.

Estimates made for the Office of Production Management indicate that more than 200,000 primary contractors are available for defense work. By last March scarcely more than 13,000 had received orders. By the end of May more than 76 percent of defense contracts had gone to 12 States, while 4 States (California, New York, New Jersey and Michigan) had received $4,500,000,000, or 40 percent.

The farming-out problem.—Further substantial increases in the output of armaments depends not only upon expansion of capacity in bottleneck areas, but also upon enlistment of a much larger proportion of available productive facilities in the defense effort. The Nation has scores of giant companies, but it also has many thousands of small metalworking companies. The companies that have received defense contracts represent only a small proportion of the country's productive equipment and labor supply that could be adapted for defense production. If we are to produce the volume of armaments of which we are potentially capable, it is essential for defense work to be more widely dispersed.

The obstacles to bringing idle facilities into defense production are numerous. The work may be unfamiliar, even to the prime contractor. The bottleneck parts are sometimes the most difficult to make. As in the case of airplane engines and machine tools, standards may be exceedingly precise. Many primary contractors do not know where to find concerns to which to subcontract parts. And many small concerns do not know how to get subcontracts or what kinds of parts are required that are within their capacity to make. Innumerable time-consuming subcontractual arrangements are necessary. Problems of equipment and financing must be solved. New management relations must be established. Farming out is often more expensive than producing in the home plant. Large concerns that have received defense contracts are naturally reluctant to share their profits.

The utilization of smaller plants to fill defense orders has been slow to be achieved. This is a considerable part of the explanation why expansion will proceed at a slower and slower rate.

Accumulation of excessive inventories.—Another type of frictional maladjustment is the accumulation of excessive inventories. Stocks have been accumulated against possible price increases and against possible future shortages and priorities.

By last February, forward buying had begun to interfere with the flow of materials for defense needs. The retarding effect of genuine shortages has been exaggerated by the creation of artificial shortages. The introduction of priorities in certain industries was hastened by this situation.

THE VOLUME OF EMPLOYMENT

The effect of increasing productivity.

For many years, technological improvement has been fairly continuous. In industry after industry, the manpower required per unit of product has been constantly reduced. This means that a thousand tanks, a hundred ships, or a million uniforms require fewer workers to produce than was required 10 years ago and many fewer than was required 25 years ago.

Man-hour productivity in all manufacturing was 40 percent higher in 1940 than in 1929. In the railroad industry, the increase from 1929 to 1939 was 40 percent; in electric light and power, 76 percent. In the iron and steel industry, output per man-hour increased 166 percent between 1919 and 1939. Productivity has also increased in agriculture. Recently, the Department of Agriculture stated that "normal requirements in farm production * * * can now be met by approximately 1,600,000 fewer workers on farms than in 1929 * * *."

Manufacturing production increased 32 percent between January 1929 and January 1941 while manufacturing employment increased only 14 percent. Employment lagged behind production to this extent in spite of a decline in average hours worked per week from about 48 to about 40. If hours had not declined during this period, employment would have lagged still further behind production.

Although there are more persons in the labor supply in 1941 than in 1929, we need fewer workers to produce a given quantity of real income. During the course of the defense program, the production of goods will reach higher and higher record levels. But because of increased productivity, employment will not keep pace with this increased output.

The factor of part-time employment.

There is an additional reason why employment may be expected to lag behind production. Increased production is being achieved by lengthening the hours worked by those already employed. In April there were 4,200,000 workers employed less than 30 hours per week; 8,100,000 were employed less than 40 hours. Plants now on part time will employ their workers for a full workweek before they add new workers to pay rolls. If hours of labor were to increase to the 1929 level, production could increase at least one-fifth above the 1940 average without the employment of any additional workers.

The Bureau of Labor Statistics has attempted to calculate the total number of man-years of labor that defense appropriations will require. Such a total, however, will not mean a corresponding increase in the number of workers employed. For example, defense contracts totaling $1,000,000,000 may mean 500,000 man-years of employment, but this does not mean that 500,000 new workers will be added to pay rolls. Instead, a substantial part of these 500,000 man-years of employment will be allotted to workers already on pay rolls by lengthening the workweek.

Employment in defense industries.

Employment in the 15 key defense industries in April 1941 and the percentage of total nonagricultural employment represented by each were as follows:

Industry	Employment in key defense industries,[1] April 1941	Percentage of total nonagricultural employment
Aircraft engines	44,800	0.12
Aircraft and parts (exclusive of engines)	166,100	.44
Shipbuilding	157,800	.42
Machine tools	89,600	.24
Machine-tool accessories	50,600	.13
Screw-machine products	29,900	.08
Abrasives	13,400	.04
Instruments (professional, scientific)	29,900	.08
Optical goods	18,100	.05
Aluminum manufactures	34,300	.09
Brass, bronze, and copper products	118,200	.31
Foundries and machine-shop products	506,000	1.35
Electrical machinery (apparatus and supplies)	326,900	.87
Blast furnaces, steel works, and rolling mills	560,000	1.49
Smelting and refining copper, lead, and zinc	34,300	.09
Total	2,179,900	5.79

[1] Excludes employment in explosives, ammunition, and firearms industries, as these figures are not being made public. Employment in Government shipyards is also excluded. In April, Government yards employed 144,030, or 0.38 percent of total nonagricultural employment.

It is apparent that defense industries employ only a small proportion of all workers. Very large gains in these industries will not greatly affect the volume of unemployment.

Future labor requirements for aircraft, machine tools, and shipbuilding have been estimated by the Bureau of Labor Statistics. In the aircraft industry, employment in plants of final assembly totaled 217,000 on March 31. (This includes manufacture of all parts—frames, engines, propellors, etc.) Peak employment of 405.300 is estimated for November 30, 1941.

In the machine-tool industry, it is expected that 22,600 additional wage-earners will be employed between January and December 1941, bringing the total number of wage earners to approximately 102,800. In shipbuilding, the present schedule will require a continuous increase in the number of workers until peak employment of approximately 560,000 is reached in September 1942. Ship construction constitutes the largest single category of defense activity—36 percent of total contracts awarded through March. Employment in this large segment of the defense program has expanded very slowly thus far. Yards have been working at capacity level for some time. New construction facilities require considerable time to build.

Small as these prospective employment increases are in terms of total employment, it is questionable whether such schedules can be met because an exceptionally high proportion of skilled workers is required in defense industries. During last November and December, 12,000 defense employers were canvassed by the Bureau of Employment Security regarding the types of workers they expected to hire. Forty-four percent were to be in skilled occupations, 33 percent in semiskilled occupations, and only 23 percent in unskilled occupations. The proportion of skilled workers employed in shipbuilding and machine tools is 48 percent and 46 percent, respectively.

Indirect employment.

From the above figures on direct employment in defense industries, it is apparent that it is in nondefense industries that the bulk of reemployment must come during the next 12 months if certain widely quoted estimates are to be realized. Throughout this report the position has been taken that these estimates are too optimistic, and emphasis has been given to the impeding effect of such factors as bottlenecks, priorities, and frictional maladjustments. There are additional factors of a more technical sort that will restrict the amount of indirect employment.

Indirect employment will arise through the spending and respending (by the recipients) of the funds originally disbursed by the Government. The volume of this respending will be reduced at each successive round by various "leakages" (notably savings).

It is at this point that the question of prices and profits is relevant. If prices rise, there will be a disproportionate expansion of profits. This always happens. Even with stable prices, however, profits will increase as output rises because overhead costs per unit decline with increasing volume of output.[1] Higher profits will increase savings. Savings are "leakages"—funds received from the spending stream and not returned. They reduce each successive wave of respending of defense funds and hence they reduce the total volume of employment created by defense expenditures. Savings will thus be a serious drag on the rate at which indirect employment is created in nondefense industries.

Rising prices will also restrict the rate of reemployment by retarding consumption, since wages as a whole inevitably move upward more slowly than prices. A rising price level therefore, will slow up expansion of output and employment in consumer-goods fields where the greatest excess capacity exists.

Other factors that threaten to keep down the volume of indirect employment lie in the field of fiscal policy. For instance, if consumption taxes are resorted to extensively in the near future, a considerable part of the rise in consumers' incomes would be diverted to the Treasury and the current rate of expansion in nondefense fields would slow down. Furthermore, the Treasury has announced that efforts will be made to borrow several billion dollars from consumers during fiscal 1942. Borrowing from this source in any such volume must be taken into account in estimating the leverage effect of defense expenditures in creating indirect employment.

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[1] That profits have already increased substantially is evident from data for 1940. According to the Department of Commerce, corporate profits reached the highest level since 1929. Net income of manufacturing corporations exceeded 1939 by about 30 percent with the metal and metal-products group up more than 50 percent. In the steel industry, 1939 profits were doubled despite the fact that the average rate of production was only 78 percent. Durable-goods industries as a whole registered an increase of 66 percent. Profits are expected to be considerably higher in 1941 in spite of rising costs and taxes and the fact that special reserves are being set aside in expectation of additional taxes.

Employment per million of added income.

The past relationship between increases in national income and increases in nonagricultural employment throws light upon the volume of reemployment that may be expected during the next 12 months. From 1934 through 1940, between 190,000 and 304,000 workers were reemployed for each billion-dollar increase in national income. Therefore, if past experience is any indication, we can expect employment to increase between 200,000 and 300,000 for each billion-dollar increase in national income that occurs during 1941.

This type of calculation is useful in providing a general limit to the volume of reemployment that can be expected. For example, if national income increases to 82 billion for calendar 1941, this 8 billion increase may mean that reemployment will be as much as 2.4 million (i. e., at the rate of 300,000 per billion of added income) or as little as 1.6 million (at the rate of 200,000 per billion). If national income increases as much as 10 billion this year the employment increase may be expected to range between two and three million.

These are the limits suggested by the experience of the last 6 or 7 years. But since experience indicates that reemployment per billion of added income falls off as total national income increases, and since the national income is already at an all-time high (when adjusted for price changes), it seems reasonable to assume that the rate of reemployment this year per billion of added income will be closer to 200,000 than to 300,000.

A reasonable estimate of the possible increase in national income during 1941 (eight to ten billion) indicates a maximum reemployment of approximately 2.5 million.

THE VOLUME OF UNEMPLOYMENT

Whatever increases occur during fiscal 1942 in the volume of employment will not be reflected in corresponding reductions in the volume of unemployment. The major reason for this lies in certain dynamic aspects of the labor supply. In the first place, the normal increase in the labor supply amounts to about 600,000 workers annually. For this reason alone, an increase of 2 million in total employment during fiscal 1942 would mean a reduction in unemployment of only 1.4 million.

Additional allowance must be made for abnormal growth of the labor supply—for so-called induced entrants. It is practically certain that employment increases resulting from the defense program will be accompanied by a considerable net increase in the active labor supply. From 2 to 3 million surplus farm workers, counted as employed in agriculture, are ready to seek employment in urban industries when jobs are available. Better employment opportunities and higher money wages should bring into the market a large number of youths who have continued in school because they could not get a job. Similarly, many women not normally seeking jobs will be attracted into the labor market. None of these types of workers is included in current unemployment estimates and yet they very clearly constitute immediately available labor. Large numbers of new workers from such sources will secure jobs, thus diminishing the effect of gains in employment upon the supply of workers now counted among the unemployed.

In short, there is a huge reserve of potential workers (not now counted as members of the labor supply) who will seek jobs as employment opportunities increase. If the same proportion of the population aged 14 and over enter the labor market as in 1929, a potential labor supply of at least 60,000,000 is indicated. This is approximately 7,000,000 more workers than the labor-supply figure shown by the preliminary census reports for April 1940, and approximately 12,000,000 more workers than were employed in April 1941.

It follows that caution should be exercised in translating estimates of probable increases in employment into estimates of probable future decreases in unemployment. The marked employment gains that are in prospect may well be offset in considerable part by sharp gains in the total supply of labor offered in the market. Such evidence as is available indicates that there was an abnormal increase in the labor supply during the World War of at least 3,000,000.

THE RATE OF EXPANSION WILL SLOW DOWN

There are a number of reasons for expecting that the rate of expansion of output and income under the defense program will tend to slow down. Production gains were most rapid during the first few months when idle capacity was being absorbed. Capacity operations have now become a limiting factor in certain crucial areas. Aside from whatever progress is made in farming out defense orders, the pace of future advance will be geared to the completion of new facilities, especially in the metals, machine-tool, and finished-armament industries. Additions to capacity take time to complete and will slow down the pace of the upswing. Additions to basic capacity in the steel industry, for instance, require over a year to complete and a decision to increase steel capacity by a significant amount was not made until June 1941.

The levels reached by production and employment will also depend upon the ability of industry to become organized at a higher and higher pitch. With production already at the highest rate in history, and with bottlenecks evident in several key industries, the problems of organization (of the labor supply, of materials, and of plant expansion) to achieve higher levels become increasingly difficult.

CONCLUSION

The defense program might be expected to release the Nation's full potential capacity to produce. According to policy pronouncements, we are determined to get production at any cost. Presumably, the measures taken to further the defense program will look toward maximum production rather than the protection of vested interests. The quantity of output has become the dominant consideration rather than the cost to individuals.

The rate at which output rises does not depend upon the volume of appropriations but upon the organization and control of American industry. Certain outstanding obstacles to rapid expansion have been discussed in this report. Insistence upon maximum production has been slow in being translated into action. The required measures for proper coordination and control have been slow in formulation and slow in becoming accepted as essential to an adequate defense program.

The achievement of full employment and maximum utilization of resources is not an immediate prospect. After reasonable allowance for all stimulative and restrictive factors in light of present knowledge, it appears that unemployment cannot be expected to decline more than 1 or 1.5 million during fiscal 1942. In this case unemployment in the year ahead will probably average between 5 and 5.5 million.

THE TRAINING PROGRAM OF THE WORK PROJECTS ADMINISTRATION

During the last fiscal year the Work Projects Administration has participated in an extensive vocational school training program to prepare workers for manual occupations in industries engaged in national-defense operations. Over 115,000 certified Work Projects Administration workers have or are receiving training in these courses. Of the 80,000 who have completed training, over 65 percent are in private jobs and the others represent a reservoir of labor ready for employment as opportunities develop in the areas where the trained workers reside. About 35,000 persons are in training in over 650 different communities in all 48 States.

This training program has been conducted in cooperation with the vocational schools which have been responsible for the technical instruction given. The Office of Production Management has been the sponsor of this project and the United States Office of Education has been cosponsor.

In addition to the vocational school program, there has been developed by the Work Projects Administration, on an experimental basis, an in-plant training program for giving preemployment instruction to certified persons prior to their transfer to the employers' pay rolls. For a short period, usually limited to a maximum of 4 weeks, certified persons are trained on equipment and under conditions as comparable as possible to those existing under shop operations. Factories provide the facilities and supervision. There is a brief period of preemployment instruction and observation by the plant's officials, and at the end of the training period the trainees are terminated by the Work Projects Administration and are taken onto the pay rolls of employers and placed in productive employment.

On both of these programs the trainees continue to receive the security wage from the Work Projects Administration until they have completed the course of training. It is anticipated that both of these training programs will be substantially expanded during the coming year.

There are operated, in addition, special training programs designed to serve the same purpose; namely, the return of certified persons to private or other public employment. These include the training of men for airport service jobs and the training of household workers. It is anticipated that they will be developed and expanded as opportunities for placements develop.

In addition to the training programs, the Work Projects Administration utilizes all facilities in the community, such as employer organizations, growers' associations, public employment services and individual employers for placing certified persons directly in private employment. This program will be undertaken on an extensive scale during the current fiscal year.

THE DISTRIBUTION OF DEFENSE CONTRACT AWARDS

The allocation of defense contracts continues to be highly concentrated, despite attempts to distribute them more widely. A few industrial areas have received very large contract totals, while many other areas have received little or no direct stimulation.

Twenty industrial areas, with only 27 percent of the population and 23 percent of the Work Projects Administration workers, received about 65 percent of the prime defense contracts through June 30, 1941. Eight industrial areas which have received 45 percent of the defense awards contain only 18 percent of the population and 16 percent of the Work Projects Administration workers.

Warship construction and aircraft manufacture, contracts for which totaled over $8,000,000,000 through June 30, 1941, are mainly responsible for this high concentration. A large proportion of the total prime contracts are for warships or aircraft in 16 of the above 20 industrial areas. The immediate effects of these large orders upon employment can be easily exaggerated. In many instances the construction of numerous shipways and airplane plants must be completed before the full magnitude of defense orders can be translated into employment gains. Moreover, in some areas (typically Detroit), defense orders will not represent a net increase in total business because material priorities will cut deeply into certain important types of nondefense production.

The attached table shows the concentration of prime defense contracts by industrial areas in relation to population and Work Projects Administration employment.

Prime defense contracts, 1940 population, and Work Projects Administration employment, by industrial areas

Industrial area [1]	Prime defense contracts cumulated from June 1, 1940, through June 30, 1941 [2]			Population 1940 [3]			Employment on projects financed with W. P. A. funds as of June 25, 1941 [4]		
	Amount (000)	Percent	Cumulative percent	Number of persons	Percent	Cumulative percent	Number of persons	Percent	Cumulative percent
Continental United States	$15, 025, 358	100. 0	--------	131, 699, 275	100. 0	--------	1, 333, 364	100. 0	--------
New York City-Newark-Jersey City	1, 669, 652	11. 1	11. 1	10, 782, 353	8. 2	8. 2	99, 712	7. 5	7. 5
Philadelphia-Camden	1, 480, 920	9. 9	21. 0	3, 199, 637	2. 4	10. 6	22, 547	1. 7	9. 2
Boston	881, 283	5. 9	26. 9	2, 656, 131	2. 0	12. 6	35, 885	2. 7	11. 9
Norfolk-Newport News	713, 605	4. 7	31. 6	285, 246	. 2	12. 8	1, 971	. 1	12. 0
Los Angeles	651, 359	4. 3	35. 9	2, 785, 643	2. 1	14. 9	16, 233	1. 2	13. 2
Detroit	584, 614	3. 9	39. 8	2, 269, 691	1. 7	16. 6	17, 710	1. 3	14. 5
Seattle-Tocoma	422, 639	2. 8	42. 6	687, 061	. 5	17. 1	6, 018	. 5	15. 0
San Francisco-Oakland	348, 720	2. 3	44. 9	1, 412, 686	1. 1	18. 2	13, 988	1. 0	16. 0

[1] Industrial areas as defined by the United States Bureau of the Census in the Biennial Census of Manufactures, 1937, Part I, pp. 40–41. Where no definition is given by the Census, industrial areas are as defined by the Bureau of Research and Statistics, Office of Production Management, in release of April 29, 1941.

[2] Source: Office of Production Management, Bureau of Research and Statistics: "Summary of Defense Contract Awards by Industrial Area, June 1, 1940, to June 30, 1941" release of July 14, 1941. Includes prime defense contracts awarded by the War and Navy Departments and project orders to Army and Navy establishments of $10,000 and over. This tabulation reflects not only the awarding of new contracts but also the reassignment of contracts to other plants or companies and the modification or cancelation of previous awards.

[3] Source: Department of Commerce, Bureau of the Census.

[4] Subject to revision.

Prime defense contracts, 1940 population, and Work Projects Administration employment, by industrial areas—Continued

Industrial area	Prime defense contracts cumulated from June 1, 1940, through June 30, 1941			Population 1940			Employment on projects financed with W. P. A. funds as of June 25, 1941		
	Amount (000)	Percent	Cumulative percent	Number of persons	Percent	Cumulative pcerent	Number of persons	Percent	Cumulative percent
Washington (D. C.)-Alexandria (Va.)	$316,668	2.1	47.0	753,654	0.6	18.8	7.753	0.6	16.6
Chicago	312,731	2.1	49.1	4,825,527	3.7	22.5	42,887	3.2	19.8
Baltimore	299,166	2.0	51.1	1,014,925	.8	23.3	2,318	.2	20.0
Hartford	264,480	1.8	52.9	450,189	.3	23.6	1,277	.1	20.1
St. Louis	260,794	1.7	54.6	1,406,526	1.1	24.7	18,270	1.4	21.5
San Diego	260.586	1.7	56.3	289,348	.2	24.9	2,014	.1	21.6
Vallejo	237,057	1.6	57.9	49,118	(5)	24.9	712	.1	21.7
Albany-Schenectady-Troy	209,017	1.4	59.3	465,643	.4	25.3	2,460	.2	21.9
Bremerton	205,949	1.4	60.7	44.387	(5)	25.3	507	(5)	21.9
New London	203,111	1.4	62.1	125,224	.1	25.4	690	.1	22.0
Bridgeport-New Haven-Waterbury	200,549	1.3	63.4	902,700	.7	26.1	4,033	.3	22.3
Cleveland	197,330	1.3	64.7	1,329,640	1.0	27.1	14,265	1.1	23.4
Total, 20 industrial areas	9,720,230	64.7	64.7	35,735,329	27.1	27.1	311,250	23.4	23.4
Remainder of country	5,305,128	35.3	100.0	95,963,946	72.9	100.0	1,022,114	76.6	100.0

[5] Less than 0.05 percent.

REPORTS ON FARM-LABOR SHORTAGES AND THE WORK PROJECTS ADMINISTRATION, 1941

Farm-labor shortages have been reported this year from several sections of the country. The chief explanation for these alleged shortages has been the attraction of better paying jobs in defense centers. Another widely mentioned factor is the operation of the Selective Service Act which has taken some workers from the farms.

Wherever these factors actually threaten to create local stringencies in the supply of farm labor, and wherever there are Work Projects Administration employees with agricultural experience, it is the policy of the Work Projects Administration to make these workers available for farm work. The administrative officers of the Work Projects Administration cooperate with interested local groups in facilitating the referral of qualified workers. This course of action is in line with the general policy of the Work Projects Administration to encourage the return of project workers to private employment. To this end Work Projects Administration seeks to play an active and not a passive role.

The policy of the Work Projects Administration in this respect was established at the inception of the program, and has been repeatedly made known to the public by every means at its disposal. On July 10, the Work Projects Administration initiated a series of broadcasts designed to reach every part of the Nation, again restating the determination of the Work Projects Administration to facilitate the transfer of Work Projects Administration workers to private employment, especially to farm jobs.

The market for farm labor is essentially a disorganized one, in spite of the efforts of the State employment services under the guidance of the United States Employment Service. What the Work Projects Administration is endeavoring to do at this time is to encourage farmers to go directly to the employment service where all certified persons are registered, or, where it is more convenient, to go directly to the Work Projects Administration office and notify that office of the number and qualifications of persons needed, the rate of pay, the hours, the duration, and the location of the job. If labor is available, the employment service or the Work Projects Administration will have the workers on the job at the agreed time. If there is no labor available from the Work Projects Administration, it is appropriate that the farmer should be so informed.

W. P. A. COOPERATING IN LABOR RECRUITMENT

The Work Projects Administration has been working with the Department of Agriculture and with State committees on farm labor toward a realistic use of the Work Projects Administration as a source of labor recruiting. The Work Projects Administration is as anxious to provide workers for farm jobs as it is to provide labor for industrial employment.

The policy just described is written into the statute governing Work Projects Administration operations. And the policy is further implemented by administrative regulations issued to the regional and State Work Projects Administration offices. While the Work Projects Administration is active in carrying out this policy, it is equally obligated not to close down projects indiscriminately and in wholesale fashion at the first unsupported assertion that acute "farm labor shortages" threaten.

A brief examination of the farm labor situation in the United States demonstrates, first, that no general farm labor shortage can conceivably exist at the present time in this country; and second, that such localized "shortages" as do develop are almost invariably anticipatory rather than actual and can be guarded against by tested remedial measures.

GENERAL SHORTAGE OF FARM LABOR IMPOSSIBLE

The impossibility of a general shortage of farm labor in the United States is at once apparent from a review of the relevant over-all statistics. In the recently issued report of the Tolan Committee on the Interstate Migration of Destitute Citizens, after a careful examination of Nation-wide data, the statement is made: "It is evident that there was in 1940 a reserve of unused or ineffectively used manpower pressing upon the agricultural labor market of at least 5,000,000."[1] This large surplus has been the result of the displacement of labor caused by mechanization of agriculture and, particularly in the thirties, the damming up of population on the farms because employment opportunities in the cities became virtually nonexistent. Each city, in fact, had its own large surplus of unemployed.

This vast labor surplus on the farms cannot suddenly have disappeared. Rural-to-urban migration, in recent months has been increasing but this development has been confined to those urban areas which have become important centers of defense activity. A liberal estimate of the withdrawals to date from the reservoir of 5,000,000 surplus agricultural manpower does not exceed 1,000,000, an estimate which includes those inducted into the armed forces. Moreover, some of the losses will be temporary. Large numbers of farm workers who have been attracted by military construction jobs will be available at the period of peak seasonal demand for labor this summer and autumn. Such construction has been tapering off rapidly, thus releasing workers when demand will be strongest.

With continued expansion of the defense program and further enlargement of the armed forces, we may expect a further reduction in the total farm labor surplus. Such a reduction has long been desired and should be welcomed. It is symptomatic of an improvement in conditions which have spelled depression and low living standards for both farmers and their employees. But there appears to be no immediate likelihood that this surplus will soon disappear. The net increase in employment during the coming year will probably not exceed 2 or at the most 2.5 million, so that even if the total increase were to come from rural areas there would still be a surplus of farm labor. Moreover, the substitution of agricultural machinery for farm labor is occurring this year at a greatly accelerated rate.

LOCAL AND TEMPORARY FARM LABOR SHORTAGE

Any general shortage of farm labor, therefore, appears quite impossible. There remains the possibility that local and temporary shortages may occur because of the disorganized and haphazard character of the farm labor market. A review of such alleged shortages as have already been reported this year makes it clear that the danger of shortage is commonly exaggerated. The claim that there will not be enough farm labor at the time and place required is not one which originated this year. The practice of predicting shortages is long-established and springs from several sources. One of these is often the very real fear that labor will not be on hand in sufficient numbers, at the exact time of greatest demand. In certain cases there is also the desire to attract a surplus of labor to the area, thus assuring such intense competition for jobs that wages will remain low. The statement has been made that in the opinion of some farmers a shortage of labor exists when there are not as many workers seeking jobs this year as last and at the wages prevailing last year.

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[1] P. 403.

In certain instances the existence of a surplus permits an arrangement of the work process which results in lower labor cost to the farmer, but in much reduced earnings to the workers. An example is the assignment in some sections of one row of cotton to a picker. Such a procedure is not essential for proper picking of cotton, and it may mean as little as a half day's work for the picker. But in the view of some farmers it has the advantage of bringing about low labor costs.

With the general surplus so large, all that has been necessary in many localities has been to put out stories of "shortage" through the newspapers or by word of mouth. Thereupon labor would promptly apply for jobs in more than the numbers required. Under these circumstances the most haphazard methods of recruiting labor have flourished without need for organized community action to economize the labor supply. Now, with the counterattraction of defense employment in some localities, the old hit-or-miss methods may no longer suffice.

OPPORTUNITY FOR STATE EMPLOYMENT OFFICES

The present situation, characterized by some decline in the available surplus and by fear that the declines will become much more serious than is at all likely, provides an unusual opportunity for the State employment service offices and other Government agencies. A good example of what can be done occurred this year on the Pacific coast. There was a threatened shortage in Oregon of several thousand fruit pickers. But there was a surplus of experienced labor in California. The employment services of Oregon and California and the Farm Security Administration together worked out arrangements for the transportation and housing of the needed workers, and for their return to California when their services were no longer required.

Frequently migration may not be necessary at all. Where a careful check-up is made of real (not rumored) labor requirements and at the same time of the number of workers locally available, it is often found that anticipated "shortages" fail to materialize. Particularly is this the case where adequate wages and conditions, including housing, are provided. Pooling labor supplies of different farmers and shifting workers from farm to farm with a minimum delay and loss of time, may also serve to prevent threatened shortages. Here again a well coordinated and efficiently operating employment service is of great value. In fact, only through the work of the employment offices can the efficient shifting of labor and the dovetailing of operations be achieved.

If the procedures outlined above do not fully circumvent threatened shortages within particular areas and localities, other important sources of labor supply are usually available. Many youth can be employed during the period of vacation from school. In some areas for certain crops, women also constitute an important potential labor reserve. Moreover, to meet peak seasonal demands, urban workers may move out into farming areas. Workers from Philadelphia, for example, are used in considerable numbers on the farms of southern New Jersey.

"SHORTAGES" ARE FAILURES TO HIRE AT LOW WAGES

Most important, however, in any consideration of farm labor is the factor of relatively low wage scales. Most "shortages" of farm labor represent difficulty in obtaining all the workers wanted at the relatively low wage prevailing.[1] Consequently, most "shortages" can be remedied by wage increases. Many farmers have already increased wages this year. While it is true that farmers cannot ordinarily pay wages comparable to those in the defense industries, experience indicates that an advance of wages even to a level considerably below that in defense work typically succeeds in holding farm labor. For example, in connection with the recent strawberry picking on the eastern shore of Maryland, an increase from 2 cents per quart, paid last year, to 3 cents this year assured an ample supply of pickers, many of whom migrated from Virginia.

There are, of course, great variations in the economic situation of employing farmers. A consideration this year which bears in a very practical way on the ability of many farmers to afford higher wages is the greatly improved income they will receive from 1941 crops. The higher income is due in large measure to higher benefit payments provided by the Government, as in the case of wheat, or to increased Government purchases, as in the case of tomatoes. Relevant also is the fact that a major proportion of the hired farm labor is employed by large-scale commercialized farms. For example, according to the census in 1935, 5 percent of all farmers in the State of New Jersey employed nearly half of the farm workers, while 70 percent of the farmers employed no labor. These large employers, whether incorporated or not, are often able to pay relatively higher wages.

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[1] See testimony of P. C. Turner, Baltimore hearings, p. 6145.

HOUSING FOR FARM WORKERS

Housing facilities for farm workers is this year a matter to which increasing attention is being directed. Evidently the reduction in farm labor surplus in certain areas is leading to real improvements in this important feature of the agricultural worker's standard of living. In many areas, however, no improvements have taken place in housing, while wages in some sections of the North are not infrequently below $2 per day and in some areas of the South are below $1 per day.

A few examples will serve to reveal the character of current farm labor shortages. Typically, they are much more serious in anticipation than when the need for labor actually develops. Newspaper reports from Arkansas about the middle of May expressed fear over insufficiency of pickers for the large strawberry crop.[1] Yet, early in June it was reported that 1,479 freight cars of strawberries had been shipped, or more than twice the number for 1940. To accomplish this, the Arkansas Employment Service in cooperation with the employment services of Oklahoma and Missouri, had recruited 25,000 pickers, 10,000 more than in 1940 and 40 percent more than in any preceding year. The newspaper account presenting these facts makes no mention after the event of "farm labor shortage."[2]

"STATISTICAL SHORTAGE" IN MARYLAND

The situation in Maryland provides further illustration of the difference between anticipation and realization, but is particularly significant as an example of what might be called a "statistical shortage"—one produced exclusively by statistical procedures. The subcommittee on farm labor of the Maryland State land-use planning committee has released estimates of farm-labor shortage which are open to serious question.[3] In the subcommittee's Report on the Farm Labor Situation in Maryland, issued in April 1941, it was estimated that a farm labor shortage of 4,000 existed on January 1, 1941, that this had increased to 10,000 on April 1 and would reach 16,000 by July 1.

These figures were arrived at by applying incautiously the estimating procedure utilized by the Agricultural Marketing Service of the Department of Agriculture. This procedure consists of sampling the opinion of farmers on the supply and demand for labor, expressing their opinions in percentages of "normal." "Normal" supply with "normal" demand=100; a decline in supply relative to demand results in an index of less than 100. Farmers' opinions on what constitutes "normal" are, of course, highly subjective. The subcommittee's analysis makes the estimated 23,000 hired workers normally employed on January 1 the point of departure for "shortage" estimates cited above, predicted as amounting to 16,000 by July 1. Whether 23,000 is regarded as identical with "supply" or with "demand," it is clearly in error to describe the estimated reduction of 16,000 in supply as a "shortage" as the report does. The estimate properly represents simply an estimated reduction, by the amount stated, in the number of unemployed farm workers and of others available for farm work.

That these predictions of shortage were considerably wide of the mark is indicated by the fact that to date large seasonal demands for farm labor have been met in Maryland.[4] Furthermore, officials of the Maryland employment Service are reported to have revised downward, virtually to the vanishing point, the estimates of "shortage" set forth in the subcommittee's report.

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[1] See the Little Rock Gazette, May 17, 1941.

[2] Arkansas Democrat (Little Rock), June 8, 1941.

[3] See testimany of Dr. S. H. De Vault, Baltimore hearings, p. 6134.

[4] See testimony of S. Lee Englar and F. B. Gambrill, Baltimore hearings, pp. 6146 and 6147.

SURVEYS OF EASTERN SHORE AND JERSEY "SHORTAGES"

In response to claims that the farm labor "shortage" in three Eastern Shore counties of Maryland was so acute as to call for the general closing down of Work Projects Administration projects, the Work Projects Administration made a survey of the situation early in June. In this area of intensive truck farming the farmers stated that they had "read in the newspapers" that shortages were expected. But they did not appear unduly alarmed over the prospect. Seasonal farm operations had been carried on without experiencing shortages; increases in wage rates evidently insured adequate supplies of labor. While peak demand for labor had not yet arrived, it was expected that migration chiefly from Virginia, together with a greatly enlarged program on the part of the Maryland State employment offices, would provide the additional workers needed.

A similar survey in several southern New Jersey counties, where requests were also made for the general closing down of Work Projects Administration projects, disclosed essentially the same picture. Crops had been taken care of up to the end of May when our survey was made. In Cumberland County, where asparagus and strawberries are the main crops, peak demand had already occurred. Indicative of the nature of much of the farm labor "shortage" was the situation of one strawberry grower who was interviewed. He had been named as a farmer who had expressed fear that he would not have enough labor. Upon inquiry, he informed the Work Projects Administration investigator that he had employed 35 pickers and turned 5 away.[1]

These surveys as well as much other material that has come to our attention support the view that most farm labor "shortages," on close scrutiny, turn out to be anticipatory rather than actual. One recalls the statement made in 1918 by Assistant Secretary of Labor Louis Post. In that World War period, when unemployment was much less than it is now, Mr. Post declared: "The farm labor shortage is two-thirds imaginary and one-third remedial."[2]

WICKARD PLAN FOR LAND-USE SUBCOMMITTEES

Without hazarding a guess at what the proportions are today, it may be stated with assurance that the remedial measures, described above, are at hand for meeting such localized shortages of farm labor as may threaten. In effectuating these measures the Work Projects Administration in conformity with the policy previously set forth, stands ready to do its part. One way to attain closer cooperation was suggested in March of this year by Secretary of Agriculture Wickard. He proposed that in the various States subcommittees on farm labor of the State land-use planning committees be organized, and that ex officio members of the subcommittee consist of the State heads of the following agencies: Farm Security Administration, Bureau of Agricultural Economics, Extension Service, Agricultural Marketing Service, United States Employment Service, and Work Projects Administration. More than 30 of these State subcommittees have been organized, and the State administrator of the Work Projects Administration is an ex officio member of a large proportion of them. The importance which the Work Projects Administration attaches to the work of these subcommittees, is indicated by a letter sent to all State administrators under date of April 3, outlining the work of the subcommittees and urging the administrators to cooperate in every way. A copy of the letter accompanies this statement.

The response of the Work Projects Administration in the various States has been very satisfactory to the Department of Agriculture. This is indicated by a letter under date of June 27 from Paul H. Appleby, Under Secretary of the Department, to Commissioner Hunter:

"Reports from State representatives of this Department indicate that cooperation extended by State Work Projects Administrators, who are working closely with Department officials on State farm labor subcommittees, has been very excellent. Work Projects Administration is represented on 31 of the 39 subcommittees now formally organized."

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[1] Copies of the reports on reported shortages of farm labor in Maryland and New Jersey are attached.

[2] Quoted in the Tolan committee report, p. 371.

CALLS FOR W. P. A. SHUT-DOWNS

In certain instances subcommittee reports have appeared which call for the general closing down of Work Projects Administration projects in rural areas throughout the State. It is significant that this questionable course, which fails to take account of local differences in the labor supply situation or of the characteristics and training of Work Projects Administration project workers, is advocated by subcommittees upon which Work Projects Administration is not represented.

Among the principal agencies directly concerned in safeguarding against threatened farm labor shortages are the State employment services. Where local employment offices exist, Work Projects Administration workers are registered with them and placements in farm jobs, as with other kinds of work, are made through these offices. The Work Projects Administration local offices also increasingly serve as agencies in supplying labor when there are project employees with the requisite experience and when wages and working conditions are suitable.

It must not be overlooked that a large proportion of the project workers even in rural areas, because of age or lack of experience, do not possess the qualifications needed for agricultural work. Many project workers, therefore, are not desired by the farmers. This is especially true in cases where the reported scarcity relates to "regular" farm workers—such as experienced tractor operators, dairymen, and poultrymen. These types are very little represented on Work Projects Administration projects.

However, all qualified workers are obligated to leave their project jobs whenever suitable employment is offered, and the Work Projects Administration fully recognizes its obligation to terminate them if they refuse such employment. On the other hand, the Work Projects Administration is obligated to maintain the standards of employment which are contained in the law. To permit these standards to be broken down in particular situations, especially where there occurs a specious plea that shortages of farm labor exist, would involve maladministration of the law.

Reported Farm Labor Shortage, Eastern Shore, Md.

Newspaper accounts have expressed considerable alarm about the possibility of a serious agricultural labor shortage in Maryland this year, particularly during the harvest season. A reduction in the available labor supply has been predicted as a result of migration of workers to industrial centers and military construction projects and induction into the armed forces. At the same time, it has been reported, demand for workers may become greater than normal because of increases in acreage.

The newspaper accounts were based in some measure on a report prepared by the Maryland subcommittee on farm labor of the State land use planning committee, which forecast a shortage of 16,000 farm workers in Maryland by July 1. Much of this shortage was expected to apply to the Eastern Shore. However, officials of the Maryland State Employment Service are now reported as believing that this estimate is very much too high.

A field investigation made during the first week in June by the Work Projects Administration Division of Research of the situation in the three southernmost counties of Maryland's Eastern Shore—Wicomico, Somerset, and Worcester—showed that no shortage had yet developed. The concentration of truck farming and canning in this area makes the supply of sufficient workers to meet the extremely seasonal and irregular character of its labor demand a matter of concern every year. It is not likely that the problem will reach more serious proportions this year than usual. Farmers who were questioned stated that they had "read in the newspapers" that there was going to be a shortage this season, but they did not appear to be alarmed over the prospects.

The larger farms and the canneries in the three counties depend chiefly on hired workers. Though there is some variation in types of workers needed, in general the same persons move from farm to farm and harvest one crop after another.

Principal crops, in the order of their harvesting, are asparagus, strawberries, string beans, Irish potatoes, tomatoes, shell beans, and sweetpotatoes. Whole families, about three-quarters of them Negroes, are employed in the fields. In the canneries Negro and white adults are employed; women are in the majority.

FACTORS AFFECTING HARVEST EMPLOYMENT

The extent of the demand for harvest workers depends largely on the size of the crops, weather conditions during the picking season, and market prices. High market prices cause farmers to speed up the harvesting; on the other hand, when market prices drop so low as to make the harvesting unprofitable, some farmers plow their crops under. The farmers who have contracted with canneries are less influenced by price fluctuations than those who sell in the open market. The irregularity of the demand for workers and lack of coordination of labor supply and demand occasionally brings about a situation in which farmers in some localities cannot secure enough workers, while in other localities workers cannot find enough employment. The "shortage of labor" aspect of this situation rather than that of "labor surplus" is usually publicized.

The size of the crops to be harvested, and thus the extent of the demand for workers during the coming picking season is still uncertain. A severe drought during May caused the strawberry crop to be small. Other crops, already in the ground in May, were undoubtedly damaged, although more recently heavy rains have improved the prospect for good yields. String beans, which were expected to be ready for picking during the week of June 10, should provide a test of the adequacy of the supply of both field and cannery workers.[1]

PROPORTION OF MIGRANTS IN HARVEST AND CANNING

Estimates of the number of migrants usually employed vary somewhat, but it is generally agreed that they make up about half of all cannery and harvest workers hired during the peak season. Most of the migrants are Negro families from Virginia and farther South; others, both Negro and white, customarily come from Baltimore and nearby areas. This year an increase in the piece-wage rates for strawberry picking from 2 cents a box to 3 cents is believed to have provided the inducement for migrants to come in sufficient numbers from other States, chiefly from Virginia. At the time of this survey the piece rates for picking beans had not been set, partly because of uncertainty about the price of beans.

Although there has been some decrease in the available supply of local workers, losses have occurred mainly in the towns and among groups of workers not experienced in agriculture. The small defense contracts awarded in the three counties have not resulted in absorption of farm workers in defense industries, and State selective service officials have recommended deferment of agricultural workers needed for the harvest.

Concern has been expressed over the possibility of a decrease in the number of workers coming from Baltimore, where defense activity has resulted in expanded industrial employment. Although it is still too early in the season to make any definite predictions, one stawberry grower reported that the same 12 white men who, with few exceptions, have picked his berries for the past 18 years came from Baltimore this year as usual. Furthermore, it should be noted that agricultural and unskilled workers have not been absorbed in large numbers even in those industries in which defense production is causing shortages of certain types of skilled and semiskilled workers. Negroes, who probably constitute about 75 percent of all harvest and cannery workers, have been excluded from many types of defense employment, and until recently were not accepted for defense training in Baltimore.

Stricter enforcement of State laws governing labor contractors' activities in moving migrants from one State to another has also been a matter of concern to farmers in the southern counties of Maryland's Eastern Shore. Some contractors continue to operate, paying fines every time they are caught. In other cases, farmers who have a regular supply of workers whom they have employed year after year, send their own trucks to pick up groups of workers. This season the regular workers have come to the area in about the same number as previously.

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[1] Subsequent information indicates that on June 15, when bean-picking was at its height, farmers were obtaining an adequate number of workers.

W. P. A. ROLLS AS SOURCE OF EASTERN SHORE LABOR

Work Projects Administration rolls have been one source of labor supply for local farmers. Total employment on Work Projects Administration projects in the 3 southern counties of the Eastern Shore fell from 627 at the end of February to 388 at the end of May 1941. The awaiting-assignment file had fallen to 55 by the end of April 1941. Much of the seasonal decrease in the Work Projects Administration load has been due to separations to private employment, mainly agricultural, though reductions necessitated by inadequate funds have also made for decreases in the Work Projects Administration rolls. The remaining Work Projects Administration load consists largely of older men and women and those who have never done farm work. Although farmers sometimes hire inexperienced workers for some types of labor they are reluctant to employ such workers to pick crops lest they damage the plants and fail to pick clean.

Some cases of refusals of Work Projects Administration workers to accept farm employment have been reported, but in practically all such cases the workers had already left Work Projects Administration for private jobs or had been called to jobs expected to open within a few days. The district Work Projects Administration policy is to dismiss those who cannot satisfy the Employment Service as to their reasons for not answering calls for private employment. So far this year there have been very few terminations for this reason. Since direct relief is not granted to employables in these counties, harvest workers cannot be drawn from local direct relief rolls.

STATE EMPLOYMENT SERVICE CHECKING STATION

The Maryland State Employment Service, in an effort to provide channels for the more efficient placement and transfer of harvest hands, this year has set up a checking station for the registration of migrants on one of the main roads leading into the State near the Virginia line. By suggesting that the migrants go to the farms which are hiring pickers that day, the employment service prevents loss of time in looking for work. To facilitate transfer of migrant workers from farm to farm, the employment service has secured from farmers estimates of their labor requirements as well as information on the supply of workers.

Thus far the employment service has not sent out clearance orders for farm hands. The district office which serves the three counties had more than 1,800 persons registered in the active file during the last week of May; more than 700 workers were receiving unemployment benefits. As a safeguard against labor stringency during the tomato picking and canning season, the Maryland Employment Service has arranged with the Norfolk office of the Virginia Employment Service to provide clearance if this becomes advisable.

Any significant decrease in the number of farm workers available this year as compared with other years seems unlikely. Furthermore, there is little possibility of any substantial increase in the size of the crops to be harvested and canned. With the development of a more elastic placement procedure and improved coordination of supply of workers with the demand for workers, the employment service will probably be better able than before to meet the needs of both the farmers and the harvest workers.

Reported Farm Labor Shortage, Southern New Jersey, May 1941

In May 1941, newspaper reports implied that farmers in 6 southern counties of New Jersey[1] needed immediately 5,519 additional farm workers, 2,994 of them in Cumberland County. On May 15, the Cumberland County Agricultural Committee, fearing a serious farm labor shortage, passed a resolution asking that all Work Projects Administration projects in the State be shut down so that Work Projects Administration workers might be available for farm employment. Later, it was explained that the resolution was intended to apply only to the Work Projects Administration projects in the agricultural counties of southern New Jersey, where shortages had been reported.

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[1] Atlantic, Burlington, Camden, Cumberland, Gloucester, and Salem Counties.

An investigation conducted by the Work Projects Administration Division of Research during the last week of May indicated that no actual shortages existed in the area and that the shortages which were feared locally were not likely to arise. In Cumberland County, where the greatest shortages were anticipated, the period of usual peak demand had already been reached and no serious difficulties in securing enough workers had been encountered. By mid-June the area of anticipated shortages had moved north to Burlington and Monmouth Counties where peas, beans, potatoes, and tomatoes will be harvested in July, August, and September. The figues reported in the newspapers reflected the number of additional jobs expected to open during the season and not the number of additional workers needed at that time. Many workers follow the crops and fill three or more jobs during one season.

Southern New Jersey, one of the most intensely developed areas of truck and fruit farming in the country, is characterized chiefly by large farms. * * * Important crops of the area are asparagus, strawberries, peas, beans, tomatoes, and potatoes. Havesting of asparagus continues from about mid-April to mid-June. Strawberries are picked during a 3- to 5-week season beginning during the last week in May. Picking of peas and beans lasts from the end of June to the middle of August, when the tomato and potato crops are ready to be harvested. Onions are topped, peppers picked, and fruit harvested during the time of the tomato and potato harvesting. The season ends with the berry picking in the eastern part of the area.

ASPARAGUS, STRAWBERRY HARVESTS MARK PEAK

Peak employment on farms in Cumberland County occurs during the asparagus and strawberry harvests in late May and early June. From this peak the number of workers needed declines about 25 percent by the middle of June. The demand remains near the mid-June level until about the first of September, when it drops precipitously. In other counties in the area peak employment is reached somewhat later than in Cumberland County.

The anticipation of a labor shortage this season was based largely on the fear that workers from other areas would not come to New Jersey in as large numbers this year as in previous years. In 1940 approximately 6,500, or about 25 percent, of the estimated 26,000 employed during the harvest season in southern New Jersey came from outside the locality. About half of these workers were employed in Cumberland County.

It is probable that the total demand for farm workers in New Jersey will be no greater this season than it was last year. In fact, two circumstances have tended to reduce the demand for farm laborers. First, use of farm machinery has been on the increase. According to the local Farm Security Administration, many more agricultural machines have been sold in the area during the past 3 months than during any other similar period. Secondly, Cumberland County's strawberry crop this season was seriously curtailed by drought, though the first crop of the year, asparagus, was as large as last year's. At the Vineland Produce Market auction up to June 1, only one-third of the usual volume of strawberries had been brought in for sale. It is still too early to predict the size of other crops, but since the period when employment is usually at a peak has already passed, it appears almost certain that a shortage of workers will not develop in Cumberland County this season.

FACTORS CREATING FEAR OF LABOR SHORTAGE

Several factors combined to create the fear that farm-labor shortages would occur in southern New Jersey during May. Most important was the 1940 extension of the New Jersey child-labor law to cover agricultural employment. This law provides that no child under 12 may be employed for wages, and no child under 16 may work without a special permit from the school authorities. It was feared that the migrant farm workers ordinarily recruited from among the Italian families in the Philadelphia-Camden area would not come to southern New Jersey this spring. However, Italian adults did come from Pennsylvania, as in previous years, for the harvesting of asparagus and strawberries.

Another factor which led to reports of labor shortages was this year's early harvest season, brought on by unusually warm weather. Thus the harvest of the first crops in southern New Jersey coincided with the harvest season in Virginia and the Eastern Shore of Maryland, and workers from these areas were not available in the usual numbers. However, since the strawberry crop was small, enough pickers were secured without canvassing all possible sources of labor supply.

A third circumstance leading to fears of labor shortages, a circumstance basic to the whole problem of agricultural labor supply, was the continued low level of farm prices and wages. Although farm wages are higher this year than last, they remain below the rates of pay in expanding industrial establishments. Hourly rates for regular farm workers in southern New Jersey range from 20 to 35 cents an hour. The piece rate for picking strawberries was 3 cents a quart, compared with 2½ cents last year. However, since strawberries were sparser than usual and it took longer to fill the box, increases in daily wages were not comparable with the rise in the piece rate. The price situation for the important tomato crop, under the stimulus of heavy Government buying, promises to be somewhat more favorable, thus providing the basis for wage advances in harvesting this crop.

Another factor adding to the general feeling of a threatened shortage was the more rigid enforcement of a law forbidding farm labor contractors to transport workers from other States. Methods of recruiting labor in southern New Jersey in the past have been mainly through personal efforts and through padrones, or agents. The State employment service has been used but sparingly in securing labor. Of 15,527 placements made by the employment service throughout the State during April 1941, only 342 (2.2 percent) were in agricultural pursuits. During the last week in May the first attempt at interstate clearance of workers was made. In a memorandum sent to the local offices in Bridgeton and Millville, Cumberland County, it was stated that 1,500 workers from Pennsylvania might be available for agricultural work.

EMPLOYMENT SERVICE STILL DISREGARDED

Some success has been achieved so far this year in the efforts of the New Jersey State Employment Service to encourage farmers to make use of the public-employment offices. However, it is of interest that the manager and secretary of the southern New Jersey Vineland Produce Auction Market Association (an organization representing about 800 Cumberland County farmers), who had complained of the inability of farmers to secure workers, had never heard of either of the employment-service offices in the county. At the end of April 1941, 3,747 persons were registered in the Millville and Bridgeton State Employment Service offices. About one-third of the 1,348 active registrants in Bridgeton were women. The manager expected to place many of these persons when the need materialized in the canning factories.

Work Projects Administration workers have made up only a small part of the seasonal agricultural labor supply. At the end of April 1941, 693 workers were employed on Work Projects Administration projects in Cumberland County as compared with 1,265 in February 1941. This drop was caused in part by increased opportunities for private employment and in part by quota reductions. In May, less than one-fifth of the workers remaining on Work Projects Administration in Cumberland County had farm backgrounds and most of them were older workers.

In summary, it may be said that the predicted shortage of workers has not existed to date and there is strong reason for believing that anticipated shortages will not occur during the remainder of the season, especially since the period of peak employment in Cumberland County has passed. In spite of the various deterrents to the normal influx of farm labor, the asparagus and strawberry crops were picked without serious difficulty. It is doubtless natural for some farmers to fear shortages when they observe that the usual surpluses of labor have become smaller. However, as pointed out by Kenneth S. Roberts, a leading farmer of Cumberland County, and a member of subcommittee on farm labor of the State land-use planning committee, real shortages of farm labor will almost certainly be prevented by the pooling of labor resources and increased use of the State employment service.

FEDERAL WORKS AGENCY
WORK PROJECTS ADMINISTRATION
1734 NEW YORK AVENUE NW.
WASHINGTON, D. C.

HOWARD O. HUNTER,
Acting Commissioner of Work Projects.

APRIL 3, 1941.

Employment Letter No. 6.

To: All State Work Projects administrators.
Subject: Cooperation with State subcommittees on farm labor.

The Department of Agriculture has indicated that in 1941 there may exist, along with large surpluses of agricultural labor, serious dislocations of such labor of a local or seasonal nature. The Work Projects Administration has always been committed to a program of facilitating the return of certified persons to private employment. The Honorable Claude R. Wickard, Secretary of Agriculture, has requested the Administration to participate on a State basis with State subcommittees on farm labor in meeting such dislocation problems as they may arise.

The Department of Agriculture has suggested that State land-use planning committees establish State subcommittees on farm labor to meet these problems. The Department of Agriculture desires to obtain for the State subcommittees on farm labor the cooperation of the State representatives of the Farm Security Administration, Bureau of Agricultural Economics, State statistician of the Agricultural Marketing Service, State extension service, State employment service, and also the State work projects administration.

For detailed information on this program, the following releases of the Department of Agriculture are attached hereto:[1]

1. Reorganization of Department's Agricultural Labor Committee and Procedure for Dealing with Problems of Farm Labor Supply, Memorandum No. 820, Supplement 2, released by the Honorable Claude R. Wickard, Secretary of Agriculture, March 10, 1941.
2. Suggestions for Facilitating the Work of State Subcommittees on Farm Labor, No. FL–1–41, released by the United States Department of Agriculture, March 10, 1941.
3. A list of secretaries of the State land-use committees.

In keeping with the same principles set forth in Mr. Howard O. Hunter's memorandum of November 30, 1940, on "Private and Public Employment of Certified Persons," and also Mr. Fred R. Rauch's Memorandum of September 25, 1940, on the Work Projects Administration-Social Security Board Understanding, the State work projects administrator is requested to designate a representative of the Division of Employment to cooperate with the State subcommittee on farm labor.

MALCOLM J. MILLER, *Assistant Commissioner.*

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[1] Three copies of each attachment sent to each regional director and one copy to each State administrator.

Average Number of Persons Employed on W. P. A. Projects, June 1941 and June 1940

[Subject to revision]

State	June 1941	June 1940	Increase (+) or decrease (−)
Grand total	1, 410, 943	1, 755, 526	−344, 583
Continental United States	1, 375, 804	1, 734, 497	−358, 693
Alabama	32, 037	34, 523	−2, 486
Arizona	5, 607	5, 740	−133
Arkansas	29, 757	26, 941	+2, 816
California	56, 813	75, 571	−18, 758
Northern	30, 789	42, 827	−12, 038
Southern	26, 024	32, 744	−6, 720
Colorado	16, 961	17, 234	−273
Connecticut	6, 921	16, 724	−9, 803
Delaware	1, 959	2, 736	−777
District of Columbia	7, 909	10, 799	−2, 890
Florida	25, 372	25, 379	−7
Georgia	30, 061	35, 388	−5, 327
Idaho	6, 444	7, 237	−793
Illinois	95, 547	135, 737	−40, 190
Indiana	34, 067	47, 345	−13, 278
Iowa	18, 830	19, 093	−263
Kansas	20, 280	20, 374	−94
Kentucky	29, 148	34, 463	−5, 315
Louisiana	28, 736	24, 783	+3, 953
Maine	4, 602	6, 246	−1, 644
Maryland	8, 172	15, 220	−7, 048
Massachusetts	57, 142	65, 910	−8, 768
Michigan	48, 838	67, 155	−18, 317
Minnesota	36, 941	35, 674	+1, 267
Mississippi	28, 447	25, 758	+2, 689
Missouri	51, 871	64, 411	−12, 540
Montana	8, 415	8, 736	−321
Nebraska	20, 183	20, 196	−13
Nevada	1, 231	1, 470	−239
New Hampshire	4, 820	6, 234	−1, 414
New Jersey	42, 471	58, 511	−16, 040
New Mexico	10, 066	9, 024	+1, 042
New York City	76, 619	103, 054	−26, 435
New York (excluding New York City)	25, 311	42, 092	−16, 781
North Carolina	30, 302	37, 460	−7, 158
North Dakota	9, 918	9, 598	+320
Ohio	80, 670	118, 994	−38, 324
Oklahoma	32, 109	37, 843	−5, 734
Oregon	9, 096	12, 658	−3, 562
Pennsylvania	93, 018	158, 605	−65, 587
Rhode Island	6, 037	10, 952	−4, 915
South Carolina	25, 801	28, 668	−2, 867
South Dakota	9, 764	9, 463	+301
Tennessee	29, 449	33, 600	−4, 151
Texas	73, 845	73, 246	+599
Utah	8, 425	8, 702	−277
Vermont	2, 662	3, 833	−1, 171
Virginia	17, 378	26, 259	−8, 881
Washington	16, 366	23, 557	−7, 191
West Virginia	26, 850	30, 011	−3, 161
Wisconsin	30, 295	38, 713	−8, 418
Wyoming	2, 241	2, 577	−336
Alaska	19	241	−222
Hawaii	1, 031	1, 672	−641
Puerto Rico	32, 584	17, 356	+15, 228
Virgin Islands	1, 505	1, 760	−255

TESTIMONY OF CORRINGTON GILL—Resumed

The CHAIRMAN. Mr. Gill, have you any figures or have you made any investigation as to the number of workers that will be absorbed by industry in the next fiscal year?

Mr. GILL. Yes; we believe that between 2 and 2½ million new workers will be employed during the coming fiscal year.

The CHAIRMAN. And what are the main factors to your mind which will hinder a more rapid rate of reemployment—not in detail but sort of a summary of it?

Mr. GILL. Well, the bottlenecks that have appeared and are appearing and will appear in industry, will prevent a more rapid rate of reemployment.

The CHAIRMAN. What do you call a "bottleneck of industry"?

Mr. GILL. The inability, let us say, of the manufacturer to get certain parts that are needed for the manufacture of the airplanes that he is building.

Another reason keeping manufacturers from increasing plant capacity is their fear that when this emergency is over they are going to have a heavy inventory and a heavy plant investment on which they will not have any opportunity of making money.

The CHAIRMAN. In other words it is gambling on the future concerning which nobody knows?

Mr. GILL. That is correct.

The CHAIRMAN. And what else?

NECESSITY OF BUNCHING DEFENSE CONTRACTS

Mr. GILL. Other factors slowing up reemployment are the decline in the civilian production due to shortages and priorities. Another is the time that it takes to change over from a nondefense industry to a defense industry. Another is the concentration of defense production in a few industrial areas.

The CHAIRMAN. Is any attempt being made to spread that now?

Mr. GILL. Yes; they are making very strong attempts to do it, but industry in this country, as you well know, is highly concentrated and to get production going quickly they were forced to let contracts to comparatively few firms.

The CHAIRMAN. In other words to take advantage of the present existing facilities they let contracts to a few manufacturers?

Mr. GILL. That is correct.

The CHAIRMAN. And they were forced to do that?

Mr. GILL. That is right, sir.

The CHAIRMAN. But there is an attempt being made now to spread it, isn't there?

Mr. GILL. Definitely.

The CHAIRMAN. And what else?

EXCESSIVE INVENTORIES

Mr. GILL. Another factor that hinders this more rapid rate of employment is the existence of excessive inventories. Many firms have built up excessive inventories of raw materials and consequently there are shortages in these certain raw materials among other firms at the present time.

The CHAIRMAN. Do you find, Mr. Gill, that as the rate of production increases the rate of employment increase fails to keep pace?

Mr. GILL. Yes. There are certain figures, Mr. Chairman, which I think will show that very clearly.

For example, from 1920 to 1940 there was no increase in the number of persons employed in manufacturing plants, and yet you had an increase of 66 percent in the volume of physical production during that period; during the past year, from May 1940 to May 1941, you had an increase of 35 percent in production, and in those plants an increase of only 22 percent in employment.

The CHAIRMAN. Mr. Gill, if, as you estimate, approximately 2½ million workers may be reemployed in 1941, is it likely that unemployment will decrease correspondingly?

Mr. GILL. No, sir. In the first place, it must be remembered that each year we have a net increase of about 600,000 persons in the labor market.

Furthermore, you will have during this coming year a very heavy abnormal increase in the labor supply—people who are not normally counted as unemployed.

The CHAIRMAN. Where do the 600,000 come from?

Mr. GILL. Well, it is the young people—it is the net working population increase.

The CHAIRMAN. And that averages about 600,000 every year?

Mr. GILL. Net, yes.

UNCERTIFIED ELIGIBLES FOR W. P. A.

The CHAIRMAN. How many workers are eligible for W. P. A. but not being certified for lack of funds?

Mr. GILL. At the present time we are employing less than half of the persons who are unemployed and said to be in need by local relief agencies. That figure varies from time to time, from month to month, and from year to year.

At the present time we are employing a smaller percentage of the needy unemployed than any time since 1935.

The CHAIRMAN. How many W. P. A. employees have been cut off on account of the reduced appropriation passed by Congress?

Mr. GILL. In May we had 1,450,000. At the present time we have 1,000,000—slightly over 1,000,000 persons. Some 400,000 have been cut off in the last 60 days.

The CHAIRMAN. What becomes of those 400,000—what do they do—are they employables?

Mr. GILL. Oh, yes; definitely, very definitely, sir. Some of them get jobs in private industry—by no means all, however. Many of them reapply at relief offices.

We made a study of how many of the persons who had been cut off reapplied, and we found that the percentage varies from city to city, but from between a third and a half requalified for direct relief in the local welfare offices after they had been cut off from W. P. A.

MIGRATION AS RESULT OF W. P. A. CUTS

The CHAIRMAN. Do you think, Mr. Gill, considerable migration to defense centers will result because of these people being cut off the W. P. A. rolls?

Mr. GILL. I don't know that I can make a statement, Mr. Chairman, that would answer that question specifically.

There certainly is migration, and I have no doubt that a lot of people who were cut off from W. P. A. have moved or have gone into defense areas, into industrial cities, to try to get jobs. I don't know how many. We haven't measured that.

The CHAIRMAN. I was interested in your statement in which you said that a lot of people were going to defense centers. That doesn't mean they will all secure employment?

Mr. GILL. On the contrary.

The CHAIRMAN. You haven't any figures, have you, Mr. Gill, to indicate the portion of people who actually get employment in a plant in defense centers and those that do not? The reason I am asking that question is, in one of our hearings it was brought out that but 1 in 5 who applied were hired.

Mr. GILL. I believe that that figure is correct.

EMPLOYERS' PREFERENCE AS BETWEEN W. P. A. AND MIGRANTS

The CHAIRMAN. Do defense contractors prefer to employ outside labor rather than local W. P. A. workers?

Mr. GILL. We probably do not get as high a proportion of reemployment in private industry as the proportion of W. P. A. workers is to the number of unemployed.

The average age of the W. P. A. worker is 43 years. The people who are being employed in defense industries, generally speaking, are young men. Some of these plants will not hire anybody over 25 years old.

The CHAIRMAN. Now, as we understand it, approximately a half million W. P. A. workers are on projects certified by the Army or Navy as national-defense work, but the workers are not getting the prevailing wage rates, although the workers are doing essential work, are they not?

Mr. GILL. That is correct.

The CHAIRMAN. What do you think about that situation?

Mr. GILL. Your statement is not quite correct as to the numbers, Mr. Chairman. We have at the present time about 400,000 persons on defense projects. Of that number, about 225,000 are working on projects that have been certified by the Secretary of War or the Secretary of the Navy as being of prime importance for national defense. On those projects, certain exemptions can be made in accordance with the Relief Act.

We can make exemptions concerning the number of hours that they work, and make certain other slight exemptions, but they are paid in all cases in accordance with the schedule of security wages. They make more money if they work longer hours, but it still is probably below the prevailing rate.

COMPARISON OF W. P. A. AND PREVAILING WAGES

The CHAIRMAN. How do prevailing wage rates compare with the W. P. A. rates?

Mr. GILL. That is a difficult question, if not impossible question, to answer, for this reason:

We have, as you know, a schedule of monthly earnings that W. P. A. workers receive twice a month. We do not have an hourly rate. Actually, of course, if you divide the schedule of earnings by the number of hours they work, you get an average hourly earning figure, and that is an absolute figure. It happens to average 45 cents an hour for all workers on W. P. A., but where you try to make a comparison of the prevailing rate, you have the problem of ascertaining the prevailing rate.

That is a very difficult thing to determine, of course. I would estimate that if such a comparison could be made, this 45-cent rate would run probably about two-thirds of the prevailing rate.

The CHAIRMAN. Have you any figures to indicate whether the reported farm labor shortage is anticipatory or is actual?

Mr. GILL. Almost entirely anticipatory, Mr. Chairman.

We receive complaints—and this is not something new that just happened when the defense activities built up last year, but periodically for the last 6 years—of shortages of labor in some particular place, and we have always investigated immediately. In practically every instance we found that there was no actual shortage, but that somebody was worried for fear there was going to be a shortage. Upon investigation we found that no shortage did develop.

The W. P. A. has cooperated throughout its history with the local employment offices, with the United States Employment Service and Department of Agriculture, and local employers to make sure W. P. A. employment does not interfere in any way with local employers getting help when they need help.

The CHAIRMAN. Well, these 400,000 W. P. A. workers who have been dropped from the rolls should help to take up this slack of farm-labor shortage.

Mr. GILL. Yes; plus all the people that are on W. P. A.—because we release them immediately if there is any actual shortage developing—plus the large number of unemployed persons who are not on W. P. A. We only employ about 25 percent of the unemployed.

The other 75 percent are available, just as the W. P. A. workers are available, at all times for private jobs.

The CHAIRMAN. I know in our hearing, especially at Baltimore, the fear was expressed there that there would be a farm-labor shortage, and some of the witnesses indicated that the blame, lots of times, was with the farmers, because they would not give them sufficient notice as to how many men they would need to do the work, but rather would expect to get them the same day. They testified that it took a few days to get them together.

But you are not very fearful about a farm-labor shortage?

Mr. GILL. No, sir; not a bit. In certain areas, in the cotton sections of the South, for example, during the cotton season we close the projects in a county if there is any actual shortage of workers.

W. P. A. TRAINING FOR DEFENSE WORK

The CHAIRMAN. Will you, Mr. Gill, briefly describe the W. P. A. and vocational-school training program and indicate the numbers trained, if you have those numbers?

Mr. GILL. Yes; I will be very glad to. We have trained over 115,000 persons for defense work.

The CHAIRMAN. Right there, do they get paid while being trained?

Mr. GILL. Yes, sir. They receive their usual W. P. A. wage.

The CHAIRMAN. And how many have you trained?

Mr. GILL. One hundred and fifteen thousand had or are receiving training. Of the 80,000 who have completed, about 65 percent have obtained jobs. The others, of course, are ready to take jobs when they open up in their locality.

We have at the present time about 35,000 in training, and this number is constantly turning over because I think the period of training is only from 8 to 12 weeks.

The training is being done in about 650 different communities in the country. In addition to or as a part of that training, we also have a program of in-plant training. There we take persons on W. P. A. who show an aptitude for training, who can absorb the training, put them right in a manufacturing plant, and during the period of 2 to 4 weeks, under the supervision of the plant foreman, they are trained.

Most of them go right into the shop as private employees and are cut off of the W. P. A. at the end of that training period.

The CHAIRMAN. Mr. Gill, will this reduced W. P. A. appropriation have any effect on the training program of the W. P. A.?

Mr. GILL. I think if we had a larger appropriation we probably could do more training.

The CHAIRMAN. What I am trying to get at is—you say you have trained 115,000. The appropriation has been reduced, and hundreds of thousands have been taken off of the W. P. A. pay roll. As a result of that, has there been any reduction in your training program?

Mr. GILL. No, sir; there has not. The 115,000 are those who have or are going through the training period. At any given time there are only thirty or forty thousand who are in training.

STATUS OF MIGRANT IN TRAINING PROGRAM

The CHAIRMAN. How does the migrant fit into this training program? Does he have any status at all?

Mr. GILL. He doesn't have any preferred status. He stands on his own feet along with others who are certified as in need and who show a particular aptitude for training. We have in that training program, I am sure, a large number of migratory workers. Statistically, I cannot give you an answer as to how many or what proportion they are. In any event, they are not discriminated against.

Mr. CURTIS. Do you have a break-down as to where those people are located who receive training through the W. P. A.?

Mr. GILL. I don't think I have with me.

Mr. CURTIS. Has it reached all of the States?

Mr. GILL. It is in 48 States and in, as I said, about 650 communities. I am sure it is heavier in some States than others.

Mr. CURTIS. In what specific lines are you training them?

Mr. GILL. Any line that the vocational-education people in the community believe would be suitable and might lead to private employment. It is a project that is jointly sponsored by the Office of Production Management and the Office of Education.

Mr. CURTIS. I wish you would enumerate some of the courses, Mr. Gill.

Mr. GILL. In the Bell Aircraft plant, as an example of one of our in-plant training programs, we have men being trained for machine operation. That is one example.

Mr. CURTIS. Are most of the men being trained under your program receiving in-plant training?

Mr. GILL. No, sir; I would say most of them are not receiving in-plant training.

Mr. CURTIS. Those who are not receiving in-plant training—what are you training them to do?

Mr. GILL. A large number of these persons, for example, have been trained in welding, and large numbers of them have received private employment as welders in the shipbuilding program near New Orleans. I happen to know that particular case.

Mr. CURTIS. And what else besides welders?

Mr. GILL. I would like to put a list of the various occupations in the record.

Mr. CURTIS. I would be very glad to have that.[1]

W. P. A. WORKERS ENGAGED IN DEFENSE

Now, you state that quite a number of W. P. A. people are engaged in defense projects?

Mr. GILL. Yes, sir. The list of major occupations referred to above, in which training is being given, would include auto service, aviation services, machine shop, welding, drafting, pattern making, woodworking, riveting, sheet metal, radio services, electrical services, foundry, forge, ship- and boat-building and repair, and construction.

Mr. CURTIS. You don't mean that they are building airplanes or ships or motors or guns, do you?

Mr. GILL. No, sir; most of them that are working on certified defense projects are building airports that are important to the Army or the Navy.

Mr. CURTIS. In other words, they are engaged in what we usually term as public works, but public works that have shown they have a military value?

Mr. GILL. That is correct; yes, sir; exactly.

Mr. CURTIS. And a great deal of that is nonskilled labor?

Mr. GILL. Yes, sir; particularly on airport construction and on the access-road program. Both of those use a very high percentage of unskilled labor.

Mr. CURTIS. Don't you think it is better for the individual, for his own good, if there is always maintained a wage inducement for him to seek private employment?

Mr. GILL. He has the wage inducement, Mr. Congressman, because what he receives on W. P. A. is not what he could receive if he were in private employment in that area.

Mr. CURTIS. Is it your opinion that that should be the case, or are you here contending that these W. P. A. wage schedules should be as high as private schedules?

Mr. GILL. No, sir. I believe at the present time, and for the past couple of years, the W. P. A. wage has been about right. I don't say it is what people ought to receive, but in our economy I think it is about right.

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[1] A copy of this list of occupations was included in Mr. Hillman's paper. See p. 6360, table 2.

PURPOSE OF W. P. A.

The purpose of the W. P. A. is not primarily defense. The purpose is to give employment to needy unemployed persons at a wage that will be adequate to support them in decency, but will not be so high as to prevent their wanting to take private jobs.

Mr. Curtis. You don't think that employment in the W. P. A. should become a career?

Mr. Gill. I do not.

Mr. Curtis. Now, you discussed something about the relationship of the W. P. A. workers to farm help. What is the situation in regard to domestic help—women and girls when they leave the W. P. A. or N. Y. A. to accept work as domestics?

Mr. Gill. I think that probably there is more back of complaints that W. P. A. interferes with people hiring domestics than any other particular type of complaint. I think the reason is that the average wage domestics in this country receive is absurdly low. I believe that if domestics received better or adequate wages there would be no complaint.

Mr. Curtis. Do you think it is entirely a question of wage?

Mr. Gill. I think it is to a considerable extent. I think most of the problem is the low wages paid to domestics in this country.

Mr. Curtis. Are your complaints uniform throughout the various areas of the country?

Mr. Gill. No. We get very few complaints such as that in metropolitan northern cities, where domestics receive more of an adequate wage than they do in some other sections of the country.

Mr. Curtis. Do you contend that if people have an opportunity to secure employment, that they are physically and mentally able to do, that they should take it, even though it is not quite as desirable as the W. P. A.?

Mr. Gill. Our regulation on accepting private employment specifies that the wage be a decent wage and the condition of employment be decent. I know that is a matter of opinion, however.

Mr. Curtis. It is a rather relative term, isn't it?

Mr. Gill. Yes; but we did put that safeguard in to prevent the abuse that we have had, instances where employers would offer W. P. A. workers substandard wages or jobs that required hours far in excess of the hours that should be required, particularly in farm labor—not general farm labor, but in certain specified farm areas the wage was absurdly low.

W. P. A. SAFEGUARD AS BUOY TO FARM WAGES

Mr. Curtis. Well, does that tend to force the price of farm labor up?

Mr. Gill. I don't believe so, in general. I think it may have some effect in a few spots. I think that one might say that in certain areas—in the cranberry fields of New Jersey, for instance, as I remember, and in the onion fields in certain sections of Ohio, and in the beet fields in certain sections of Colorado, I think that it may have had some tendency to increase wages in those particular spots.

Mr. CURTIS. And do you favor that?

Mr. GILL. I certainly do.

Mr. CURTIS. Do you favor it under a system whereby the farmer cannot pass on any of these increased labor costs in the price of his product? Now, I notice that we took some testimony a couple of weeks ago in reference to strawberry picking. Strawberries sold for $2 a crate. They were paying about 60 or 70 cents to get a crate picked, but the wages were raised to $1.20. The crates cost the farmer 51 cents and the farmer was paying that increase out of his own pocket. He got 29 cents for himself and his family, for all of that season's work and investment and the hazard involved, but there is no way of adding that increased cost in labor onto the price of the berries. It just doesn't happen. And, while I would like to see the farm laborers of the country get high wages, I just can't understand the officials of this Government forcing those wages up at a time when it means taking pennies and nickels away from the farmer's family.

Now, if he could pass it on, that would be all right; but I certainly disagree with any such policy.

That is all, Mr. Chairman.

The CHAIRMAN. Mr. Arnold?

WAYS TO REDUCE W. P. A.

Mr. ARNOLD. You will probably agree with me that the only way the W. P. A. rolls can ever be cut down is by forced action—that is, it will be necessary that the Congress reduce the appropriation in order to reduce the W. P. A. rolls.

In other words, as long as you have an appropriation of one and a half billion dollars, you will find people who will make application to get on your rolls.

Mr. GILL. There is a difference of opinion there, Mr. Congressman. I personally do not believe that that is correct I do not believe that the only way to reduce the W. P. A. is to cut the appropriation.

The fact that we have as large a turn-over as we have and as many people going into private employment, indicates that there is no necessity of cutting the appropriation to reduce the rolls.

Mr. ARNOLD. Of course, I am speaking to you as one who has supported the W. P. A. appropriations and one who feels that W. P. A has performed a great service in the past, but I represent a rural community in southern Illinois where tenant farmers who live on small farms are attracted to the W. P. A. because that work brings more cash income to them. They are farmers who have had misfortunes, and the W. P. A. appeals to them because it gives them more cash income than they can make on their farms.

Then, in small towns out in that area, it is almost impossible to secure workers for home work. I was out there last week and stopped along the Wabash River at Grayville, and Palestine, where in former years you could always buy fish, but there was no one fishing any more. I don't know whether they were on W. P. A. or not, but probably W. P. A. would furnish them more cash income than fishing.

As I see it, it is an endless chain.

TURN-OVER IN SEWING PROJECT

And just recently, because of this reduced appropriation, a certain sewing project in my district was scheduled to discontinue employing 20 women, 15 of whom were widows, 5 of whom had husbands unable to work. This is all in an area that has brought in 7,000 producing oil wells in the last 4 years.

Now, I am wondering, in view of those conditions before W. P. A., what would those men and women have done? They protested to me, and I managed to get the project reopened, but what would those women have done before the days of W. P. A.?

Mr. GILL. Some of them would have been on local relief, and some of them would have been probably living with relatives, and some, I suppose, would probably be working as domestics.

Mr. ARNOLD. That is where I think the bulk would be working. But the point I am trying to make is that it is just human nature, with the American people, to try to better themselves and secure steady employment. For that reason it is very difficult for W. P. A. to reduce its rolls, because there always will be more waiting than you can take care of.

Mr. GILL. I might say that the turn-over in the sewing project was far lower than the rate of turn-over in other types of projects. There were fewer private-job opportunities for those people than there were for construction people or even common-labor jobs, and, consequently, that part of the program had a tendency to remain more static than the rest of the program.

Mr. ARNOLD. That is all I have, Mr. Chairman.

The CHAIRMAN. Congressman Osmers?

TYPE OF PERSON DISCHARGED BY W. P. A.

Mr. OSMERS. Mr. Chairman, I was interested in one thing Mr. Gill said in reply to a question that you directed to him, regarding a type of people that were involved in the 400,000 that had been discharged.

The chairman asked you whether you considered these people were employables or not, and you said: "Very definitely."

Well, that seems to be at variance with what personal observations I have been able to make among the people that have been discharged.

I expressed yesterday to the committee my opinion that a great many of the people now on W. P. A. are not strictly in the employable class, either temperamentally or physically, or because of their age or of some other factor.

Now, in my own State we have a rather serious problem, which I wrote to Mr. Hunter about the other day, in the State of New Jersey. We have had our numbers cut to a greater proportion than some other States in the Union.

Mr. GILL. That is right.

Mr. OSMERS. And, of course, the answer that Mr. Hunter gave me makes a plausible answer on paper—that we had received a great many defense contracts in New Jersey and therefore the need was considered to be less than it was in other areas. But when it was translated into human terms, to the individuals that were discharged, it didn't work out because we found, and I have found, that the people that have been discharged are not necesarily employable under the defense program.

For that reason I would like to have you go into your definition of an "employable."

DEFINITION OF "EMPLOYABLE"

Mr. Gill. An "employable person," in my opinion, is one who can get a job at any given time; consequently any definition of "employable" depends upon the status of the labor market at that particular time.

At the bottom of the depression the standard set-up for employment was probably higher than it ever was. As employment picks up and as labor becomes more scarce, workers have a much better chance of getting a job. For example at the present time with five or six million still unemployed, a person of 55 years of age might be considered unemployable. If because of defense or increased nondefense business in the next 5 years we get the unemployment figure down to a half million, let us say, the person of 50 or 55 years of age will be considered employable and will have a job and will be doing good work. But on any forced lay-off such as we made in the last 30 days it wasn't to be expected that those persons would step right out and get jobs in private industry.

They are competing with 3 times that number, at least, who were unemployed—not 3 times that number, but 10 times that number—who were unemployed in that community at the same time, men who possibly lost their jobs more recently than the W. P. A. worker did—men who are younger than they are.

Mr. Osmers. Well, now it seems to be working out in this country as we go into the war economy, that while more and more people are being employed in defense industries, fewer and fewer are being employed in nondefense industries.

Mr. Gill. That is correct.

Mr. Osmers. Because of priorities in materials and for numerous other reasons?

Mr. Gill. That is right, so their chances may not increase in direct proportion to the number of defense jobs that are opened up.

Mr. Osmers. Would you say that a majority of the people remaining on W. P. A. today would, in normal times, be family responsibilities? You implied, in response to Congressman Arnold's question, that a great many of those from 50 to 65 years of age would be family responsibilities—would be living with relatives, children, and so on.

Mr. Gill. Yes; and on direct relief in the community.

Mr. Osmers. Charities?

Mr. Gill. Yes; may I make one statement here? When I said these people were "employable people," I said it in terms of W. P. A. employment.

These 400,000 men are typically those who have been working on the W. P. A., possibly for a year, building airports, building various kinds of road work, and doing a good job. The physical accomplishments of the W. P. A. during that period would be evidence that they have been doing good work.

That was what I meant in connection with their being employable or not.

CHOICE BETWEEN CUTTING W. P. A. ROLLS OR RATES

Mr. Osmers. Do you think it was wise to cut the number on W. P. A. rather than the amounts paid to each individual?

Mr. Gill. I don't think the amounts paid to each recipient would stand any cut.

Mr. Osmers. I was wondering what a man who was completely cut off the pay roll would think about that.

Mr. Gill. Well, it is always a question if you are going to employ X number of people at a decent wage or whether you are going to take that money and distribute it, however, thinly it might work out, so as to give everybody something.

We had the same problem during the F. E. R. A. days, whether to give out available funds generally without any standard of relief, or whether to set a standard below which we would not go. We set a minimum and it gave the money to fewer people but it did maintain a level of decency for those that got the money.

Mr. Osmers. William Green of the American Federation of Labor testified yesterday that in the master agreements that are being made in certain industries in the United States, there is a clause which permits both the union and the employer to reexamine the rates of pay every 6 months, because of the rising costs of living.

Has the W. P. A. taken into consideration the rising costs of living?

Mr. Gill. We haven't had to so far because the rise has not been sufficient up to now to create any difficulty. I suspect that in the next 12 months we are going to have to reexamine that very carefully.

Mr. Osmers. Do you feel that if Congress fails to make additional appropriations and if you decide to raise the individual amounts paid, that you will then drop off more people?

Mr. Gill. It is just a matter of arithmetic; yes; we would have to.

Mr. Osmers. That is all.

The Chairman. Thank you very much, Mr. Gill. We appreciate your statement and comments to the committee.

Our next witness is Mr. Alves.

TESTIMONY OF H. F. ALVES, SENIOR SPECIALIST IN STATE SCHOOL ADMINISTRATION, UNITED STATES OFFICE OF EDUCATION, FEDERAL SECURITY AGENCY, WASHINGTON, D. C.

The Chairman. Mr. Alves, Congressman Curtis will interrogate you.

Mr. Curtis. Will you give your full name to the reporter, please?

Mr. Alves. H. F. Alves.

Mr. Curtis. And what is your official position?

Mr. Alves. Senior specialist in State School Administration, United States Office of Education.

Mr. Curtis. How long have you been with the Office of Education?

Mr. Alves. Six years this coming October.

Mr. Curtis. And what work were you engaged in prior to that time?

Mr. Alves. For 10 years I served in the State department of education in Texas, first as State high-school supervisor, and then as

State college examiner; then as director of research and finance and executive secretary of the State board of education.

Mr. CURTIS. What degree or degrees do you hold?

Mr. ALVES. Bachelor's, master's, and practically completed doctor's.

Mr. CURTIS. Have you received some special training in school-plant management and facilities, and that sort of thing?

Mr. ALVES. Yes, sir.

Mr. CURTIS. The Office of Education has made a study of school facilities in connection with national defense, I believe?

Mr. ALVES. Correct, sir.

Mr. CURTIS. At whose request was that made?

Mr. ALVES. At the request of the Secretary of the Navy and the Secretary of the War, in response to Senate Resolution 324.

Mr. CURTIS. How large a committee was designated to make this survey?

Mr. ALVES. There was no committee designated. The responsibility was placed in the Office of Education—that is, on the United States Commissioner of Education.

Mr. CURTIS. Were you in charge of that work?

Mr. ALVES. By assignment I was placed in charge of the study, which was carried on in cooperation with the chief State school officers of the 48 States, who in turn called on the local school authorities.

(The following statement was introduced for the record:)

STATEMENT BY H. F. ALVES, SENIOR SPECIALIST IN STATE SCHOOL ADMINISTRATION, THE UNITED STATES OFFICE OF EDUCATION, FEDERAL SECURITY AGENCY, WASHINGTON, D. C.

School Needs in Defense Areas

Activities essential to the national defense program call for concentrations of population at designated points, which in turn call for the rendition of services necessary to community living. The enlargement of existing as well as the location and construction of new military and naval reservations and industrial establishments have necessitated and will necessitate a rapid shifting of population. Today, after nearly a year of the emergency, hundreds of thousands of families are living under roofs not known to them or anyone else several months ago. But moving large numbers of families from one community to another and from one State to another is, as we might expect, forcing us to recognize many problems relating to and involving the education, health, and general welfare of youth and adults.

Senate Resolution 324, dated October 9, 1940, called upon the Secretary of War "to make a full and complete study and investigation of all school facilities at or near naval yards, Army and naval reservations, and bases at which housing programs for defense workers are being carried out or are contemplated."

Following requests from the Secretary of the Navy and the Secretary of War for the United States Office of Education to make the study called for by Senate Resolution 324, plans for the study were formulated with the assistance of interested Federal agencies and State departments of education. The study as planned and carried out, however, included all local areas affected by activities of the defense program—not only those "at which housing programs for defense workers are being carried out or are contemplated," and centered attention on the three specific questions in Senate Resolution 324, viz:

(1) Whether such housing programs would necessitate additional school facilities;

(2) Whether the communities adjacent to or near such yards, reservations, and bases are financially able to provide such additional facilities as needed; and

(3) Whether the Federal Government should provide such additional facilities of the community.

SURVEY OF EXISTING SCHOOL FACILITIES

In December 1940 the Office of Education sent to State superintendents and commissioners of education a form and instructions for collecting information for evaluating the adequacy of existing school facilities and for preparing estimates of facilities needed to accommodate children of school age of personnel connected with projects essential to the defense program. Representatives of the chief State school officers cooperated with local school authorities in obtaining the information.

In brief, the inquiry form sought the following information:

(1) The number of additional pupils that could be accommodated (as of December 1, 1940) by existing school facilities.
(2) The number of additional families and of children of school age estimated in terms of available information on proposed housing units.
(3) The number of additional teachers required.
(4) Needed school plant facilities for increased school population.
(5) Estimated amounts of funds needed for school plant facilities (including school sites); for operation and maintenance of these facilities; for transportation facilities (including equipment and cost of operaation and maintenance); and for salaries of teachers required.

REPORTS OF ESTIMATED NEEDS

Reports of estimated needs, submitted to the United States Office of Education, pointedly show that there is an imperative need in many localities for school facilities to accommodate children of personnel connected with activities essential to the national-defense program, and that, in defense areas many local school administrative units faced with the problem of providing immediately school plant facilities and teachers for a large number of additional children of school age, are without authority to obtain through regular channels additional funds for these needs. Many of these units cannot, at least for the next school year and in some instances for following years, provide funds for required capital outlay and current expense purposes.

Local school administrative units, in common with other local governmental entities, must conform to legal limitations regarding maximum bonded indebtness for school purposes and the maximum local tax on property that may be levied—

(*a*) For interest on and reduction of bonded debt (for school purposes), and
(*b*) For current or operating expense.

A reduction in the tax base of a local school administrative unit reduces the tax income (for school purposes). This results when property is acquired by the Federal Government. In some instances, public-school authorities have no recourse in the matter of obtaining increased local funds, because the additional children live on property of the Federal Government or on property of industrial concerns not a part of, but adjoining, the local school administrative unit or units involved.

In local areas affected to an appreciable extent by defense activities the need for housing (family dwelling) units, public and/or private, has been recognized. The influx of personnel connected, and to be connected, with these activities is, according to estimates submitted to the United States Office of Education, generally expected to bring into these areas more children of school age than can be accommodated by existing school facilities. These estimates in effect indicate that we may expect from 300,000 to 350,000 such children without adequate physical plant facilities and/or instructional services when schools open this fall.

The findings of the study of school needs in defense areas pointedly show—

(*a*) That school plant facilities should be planned and constructed at the time that family housing facilities, public and private, are programmed and built; and
(*b*) That the Federal Government, as the responsible agency for the removal of school children into localities, few of which can provide adequate school facilities for them, has a definite responsibility in assisting

States and their respective local school administrative units (at and near defense areas) in providing for educational facilities for these children.

PLAN FOR FINANCING NEEDED EXPANSION

In his official report filed January 21, 1941, the United States Commissioner of Education recommended the following plan for paying the cost of school needs in defense areas.

1. For children residing on public property the Federal Government should bear the cost of required capital outlay and current expense except that when such property is liquidated, a pro rata part of the cost should be assumed by the local school administrative unit or units involved.
2. For children residing on private property not subject to immediate taxation the Federal Government should lend to the local school administrative unit the required funds for capital outlay and current expense that cannot be derived locally until the property in question appears on the tax rolls, except that during the non-tax-producing period the Federal Government should pay, in lieu of taxes, its pro rata part of the current expenses.

Hearings on H. R. 3570, calling for "community facilities," including schools, were held in March by the House Committee on Public Buildings and Grounds. On April 2, the chairman of this committee reported out H. R. 4545 "to provide for the acquisition and equipment of public works made necessary by the defense program." This bill "public work" to mean "any facility useful or necessary for carrying on community life," and states "but the activities authorized under this (title II) shall be devoted primarily to schools, waterworks, works for the treatment and purification of water, sewers, sewage, garbage, and refuse disposal facilities, public sanitary facilities, hospitals, and other places for the care of the sick, recreational facilities, and streets and access roads."

H. R. 4545 was passed by the House of Representatives May 9, 1941, and was referred to the Senate Committee on Public Buildings and Grounds. Hearings were held by the Senate committee on May 19 and 20, and on June 9 the committee reported the bill with amendments, passed by the Senate on June 12, but rejected by the House on June 19. After submission to conference, the House finally adopted H. R. 4545 with Senate amendments and the Senate accepted it on June 27, 1941. The bill as signed authorizes the appropriation of $150,000,000 for public works, as previously defined, and is in effect an amendment to Public Act 849, which provides Federal funds for family housing for defense workers.

Earlier I stated that estimates in file in our Office pointed out that from 300,000 to 350,000 children of school age would find themselves in September in localities without adequate school facilities, i. e., without school buildings and teaching personnel. I wish to emphasize that I am referring to the status as of May 15, when the official statements were filed at the hearings on H. R. 4545 of the Senate Committee on Public Buildings and Grounds. Estimates as of that date were based, in the main, on the number of additional family-dwelling units (defense housing) with funds then available. As additional funds are made available from public and private sources, the number of additional families and the consequent number of additional children of school age that may be expected in concentrations of population because of activities essential to the national-defense program will be correspondingly increased. We must recognize that the situation with reference to shifting of population because of defense activities is changing from day to day. Findings of today are having to be adjusted tomorrow. Our estimates of need represent, therefore, those situations with defense activities in such advanced stages of development that we can definitely determine actual conditions of need for additional school facilities, say as of September and October. We recognize that in numerous other situations with defense projects in early stages of development actual conditions of need cannot be definitely determined for 3, 6, or 9 months with the exception that we are fully aware of possible and even likely urgent needs occasioned during the construction periods by families living in trailer units and in summer-resort cottages (generally located with no reference to schools) and in other instances by a second family sharing living normally occupied by only one family.

On the basis of estimates referred to, there is needed approximately $130,000,000. Of this amount from $110,000,000 to $150,000,000 will be required for capital outlay, including school buildings and equipment, school sites when not already available, and transportation equipment; and $15,000,000 to $20,000,000 for operation and maintenance of school buildings and transportation provided by Federal funds and salaries of teachers and other instructional costs.

As indicated earlier, estimates of needed school facilities that have been submitted by State and local school authorities are on file in the United States Office of Education. These authorities are now carefully reviewing and critically evaluating these estimates so as to be ready to certify actual conditions of need without delay. Time is an important factor because school facilities for the children involved are urgently needed in many localities when school opens in September. Field representatives of the Office of Education are rendering every possible assistance to States and localities in their respective efforts to project actual conditions of need. It is hoped that rules and regulations required for the administration of the program will now be formulated without delay.

TESTIMONY OF H. F. ALVES—Resumed

Mr. CURTIS. Now, in your paper you cite the figure of 300,000 to 350,000 children for whom added facilities will be required. Now I take it that that figure refers to that many new pupils in defense areas. Do you feel that is a conservative or liberal estimate?

Mr. ALVES. I should say that it is a fairly conservative estimate for this reason: The number of additional children in a defense area—in the respective school administrative units in that area—is based on the influx of additional families which, to a great part, is determined by the additional number of family dwelling units built or being built in those areas.

As of May 15 there was available Federal money from Public Act 671, Public Act 781, and Public Act 849, totaling approximately $435,000,000, on an average of $3,000 per family dwelling unit, which I believe is about the average figure set in 849. That would represent somewhere around 130,000 to 140,000 Federal houses built and to be built for additional families coming into a community.

On the basis of figures submitted to our office from 196 areas, as I recall, we find that the ratio of private houses built to Federal houses at that time was about 2 to 1. If we figure that for 130,000 Federal houses, there were roughly twice as many private houses built—I mean houses paid for by private capital—that would run close to——

Mr. CURTIS. That is private housing or is that for housing defense people?

Mr. ALVES. That is right, as a part of the defense housing program. That will run somewhere around 350,000 to 400,000 additional family dwelling units that either were in process of construction, had been constructed, or were ready for construction on the basis of funds available as of May 15.

And on that basis again, we figured only one child of school age per family, although the average on them is slightly under, but 200 defense areas reporting showed 1.3 to 1.4 average number of children of school age per family. But we figured only one and that is the reason I make the statement I think it is a conservative figure, with roughly 350,000 to 400,000 houses under the defense housing program. An average of one child of school age, it would make appear that figure of 300,000 to 350,000 is conservative.

DISTRIBUTION OF NEW DEFENSE HOUSING

Mr. Curtis. Now, for the most part, are those defense houses put off in new neighborhoods by themselves or scattered throughout the cities near where the plant was located?

Mr. Alves. I wouldn't attempt to answer that question, because for the most part I don't know, but I do know that they are supposedly being located in accordance with available existing community facilities, if it is possible.

That would mean by implication that the houses are located near concentrations of populations, rather than in areas where there is no concentration, because in the last case you would find fewer, if any, community facilities such as sewers, hospitals, schools, and the like.

Mr. Curtis. I have in mind one midwestern city that is having a bomber plant built in it.

Mr. Alves. Yes.

Mr. Curtis. People are coming in there and occupying new houses that are scattered throughout the city on vacant lots. That being so, the school system can absorb the entire increase because there will be a few of those people in each of the various wards of the city and a small number in each room of the various ward schools; could they not?

Mr. Alves. I would say that it certainly the essence of good planning to do that.

Mr. Curtis. But if the housing authorities planned a project away from the city, that would put all these defense workers together and in that case there would be many new pupils, all in one place, and consequently complete facilities would have to be provided.

Has the Office of Education taken any position in regard to which of the two types of housing they prefer?

Mr. Alves. Of course, our position has been very definitely that if it is at all possible, existing school facilities should be utilized.

But, of course, our office has taken no responsibility or assumed any authority in the placement of defense housing projects.

COST OF SCHOOL CONSTRUTION

Mr. Curtis. Now, the figures that you refer to school children, that is both grade and high-school pupils?

Mr. Alves. Yes, sir. Of that number, roughly, 30 to 35 percent under a normal distribution may be expected to be in high-school work.

Mr. Curtis. If the Federal Government paid the whole bill for 350,000 children, what is your estimate of the cost?

Mr. Alves. You would have to qualify whether you want a figure on the basis of permanent school building construction.

Mr. Curtis. You quoted a figure of $130,000,000. What does that include?

Mr. Alves. That includes, as I indicated in my statement, a distribution of about $110,000,000 to $115,000,000 required for capital outlay. That includes school buildings and necessary building equipment; school sites when not already available and transportation equipment. Capital outlay would run from 110 to 115 million dollars.

The remainder, from 15 to 20 million dollars, according to the estimates submitted, will be required for the operation and maintenance of the school buildings and the transportation provided by Federal funds, and for salaries of teachers and other instructional costs for these additional children if those amounts cannot be included in the current budgets.

Mr. Curtis. Now, under your capital outlay, does that constitute permanent structures or temporary structures?

Mr. Alves. It includes both.

Mr. Curtis. If permanent structures are built, does the Federal Government pay the entire bill?

PLAN FOR PAYING FROM FEDERAL FUNDS

Mr. Alves. That involves a plan for paying the cost which, as far as I know, has not been definitely established or accepted in the Commissioner's official report submitted and found in Senate Document No. 20. It is also found in the report of the House Committee on Public Buildings and Grounds in its hearings on 3570, and in the Senate hearings on H. R. 4545.

In that you will find a plan for paying the cost of needs.

Mr. Curtis. Needs of what—elaborate on that—what do you mean by that?

Mr. Alves. The Commissioner's official report states this:

> For children residing on public property—

and we are talking always about children connected directly with defense, whether they are children, of Army officers, of noncommissioned officers or of naval officers, or children of airplane-factory workers or munition-factory workers—

> exempt from local and State taxation, the Federal Government should bear the cost of required capital outlay and current expense, except that when such property is liquidated a pro rata part of the cost should be assumed by the local school administrative unit or units involved.

I will state the second part of that plan and then go back and qualify both, if I may. For children residing on private property such as private defense housing projects, not subject to immediate taxation, the Federal Government should lend to the local school administrative unit the required funds for capital outlay and current expense that cannot be derived locally until the property in question appears on the tax rolls, except that during the nontax-producing period the Federal Government should pay in lieu of taxes its pro rata part of the current expense.

THREE SAMPLE SCHOOL-FINANCING PROBLEMS

Now, if I may go back I will take 3 example communities—A, B, and C. In each of the communities may we assume that we have identical situations to start with. Each has an influx of 1,000 children of defense workers of one type or another. May we assume further that each of the communities has bonded itself for school purposes to the maximum and, incidentally, about three-fourths of all the school districts in defense areas find themselves just exactly in that position.

Here are the 3 communities—A, B, and C, each with an influx of 1,000 defense children and each unable to bond itself any further and each unable to levy any increase in local taxes for current or operating costs.

In community A the thousand children live in Federal houses, houses built by the Federal Government and placed on permanent Federal reservations. There are a thousand houses built as a result of defense activities, and these houses are paid for by the Federal Government and are located on permanent Federal reservations—they are permanently exempt from local and State taxation.

In community B, because there was no room available on the permanent Federal reservation, the thousand houses built by the Federal Government were placed, let us say, on a 150-acre tract bought by the Federal Government adjoining the reservation. They are now exempt from taxation. How long they will be I don't think any of us know. I think we are all agreed, however, that the Federal Government will probably not stay in the real-estate business.

Mr. CURTIS. I hope not.

Mr. ALVES. So eventually these houses will be liquidated. Now, when they are liquidated, whether it be 18 months from now or 5 years from now, then we will increase the tax base of that local school governmental entity so that it may assume an added obligation for capital outlay purposes.

Now, in community C the Federal Government didn't have to build any Federal houses because private capital was willing to assume the risk, so there we find the 1,000 children living under 1,000 roofs paid for by private capital, subject to taxation, but in the average State it requires from 18 month to 24 months for such new properties to get on the tax roll and produce a tax income.

My assumption was that neither of the three districts could bond itself today.

A—TRANSFER OF BUILDING TITLE FROM GOVERNMENT TO SCHOOL DISTRICT

In each of the three districts we have in September or in October 1,000 children waiting to go into a school building, with none available. We are all agreed there must be some provision by the time school opens. The communities cannot vote any additional bonds, so we will build the buildings, for the time being, out of Federal funds.

Now, here are your questions involved: Community A never gets any increased taxation base locally—bear in mind that school-building projects in all States are the responsibilities and obligations of local governmental units and not of States; States do not build school buildings; that is a local responsibility, at least to date, under our form of government. But community A will not get any increase of its tax base, consequently it can't increase its bonded obligation.

There is a possibility of—not a likelihood—that that will have to be a building built by Federal funds and put at the disposal of the local district with, preferably I would say, the title transferred to the school district.

B—TRANSFER OF FEDERAL HOUSING TO LOCAL TAX ROLL

In community B we build the same buildings. Now when can community B absorb part of that cost? Only when those 1,000 additional houses get on the tax roll locally. I don't know when they will get there. If those 1,000 houses, representing a total expenditure of at least $3,000,000, should be liquidated—that is transferred to private ownership—12 months from now, it is quite obvious that the increased tax base from those 1,000 houses 12 months from now would be considerably greater than it would be 5 years from now.

Mr. CURTIS. May I interrupt you at that point? It is entirely possible in some cases they won't need a school; isn't that true?

Mr. ALVES. My assumption is you have no existing school facilities and you had to provide the same thing in each of the three communities. The point is, community B cannot obligate itself any more because it is already obligated to the limit the law allows. It can do so only when it gets an increased tax base, and it will get that increased tax base only when those 1,000 houses become private property.

If they become private property 12 months from now the $3,000,000 outlay may result in a $2,000,000 increased tax base. If they don't go on the tax roll for 5 years maybe the increased tax base will be only six or seven hundred thousand dollars. But certainly the district could be held responsible to help, to the extent that it gets an increased tax base from the property.

C—FEDERAL LOANS TO LOCAL DISTRICT

Now, in community C the children live in private houses which will go on the tax base as soon as the existing procedure permits—it might be 18 months, but in the meantime you do need schools, so they are built.

Our contention is that in that case—our proposal rather is that in that case the Federal Government should lend to the local district, just as it does in effect to the community B, but that under no condition should a school district, simply because it has kept its financial house in order during the past 10 years, be asked to accept an obligation, which after the emergency may be a white elephant on its neck.

We have some examples from the World War as a result of that type of procedure.

Our whole idea is that there ought to be, in spite of the fact that this is an emergency program, as much equity as we can possibly get into such a program.

As you can quickly see, there are factors and conditions which will help determine whether this school need now should be declared to be a permanent or temporary one. All I can say is that that thing is full of headaches.

Mr. CURTIS. It is true the community involved, whether it is A, B, or C, receives the additional business and pay rolls and the ordinary money turn-over by reason of the location of that defense industry there; isn't that true?

Mr. ALVES. Correct.

Mr. CURTIS. And it is also true that for the most part the community sought out the Federal Government and asked them to locate that at that place; isn't that true?

Mr. Alves. I am sorry I can't answer that, but I expect you are right.

Mr. Curtis. I think most of the Congressmen have calls at their offices quite frequently in that regard.

Now, on the basis of the amount of money that you discussed, whatever portion you get of this $150,000,000, wouldn't take care of the situation, would it?

Mr. Alves. No, sir; it will not.

Mr. Curtis. You can't build any permanent buildings between now and the 1st of September, either?

Mr. Alves. We cannot.

Mr. Curtis. Then what will they do?

Mr. Alves. Well, until we have set forth the rules and regulations under which, or by which, all agencies involved will be guided, that question cannot be definitely answered.

SCHOOL SITUATION IN FIRST WORLD WAR

Mr. Curtis. What was the experience in the last war in regard to this thing?

Mr. Alves. Relatively negligible, compared to the situation at this time There were some few buildings built—not a great many.

Mr. Curtis. In those places where buildings were not built, have you checked the attendance records and the promotion records and so on, to see to what extent the pupils suffered?

Mr. Alves. Yes; and I can speak from personal experience because I happened to grow up around an Army post—Fort Sam Houston in San Antonio, Tex. The situations, so far as I can compare them in the first place, was not nearly as aggravated. There was not nearly the concentration of population we have today, especially so far as industry goes.

The general procedure followed was a doubling up, which is already going on in many school systems in defense areas today—half-day sessions or what we call "a staggering of the daily schedule," with the result that you can increase the load from 25 to 50 percent without any real harm to the pupils, unless it is continued for many years.

To give you an indication that that is already being recognized, I recall a high school that was built for about 1,200 pupils. Last March that high school with a capacity of 1,200 had 1,700 actually going to school in it. This fall, by October, they expect an additional 800. Now, you do reach a saturation point, so far as doubling up or running parallel programs are concerned.

When you get to the lower-age levels—children 6, 7, 8, 10, and up to 11 years old—it isn't very practical for a number of reasons to have one session from 8 to 2 and another one from 2 to 7 at night.

All those factors are being recognized.

WAYS OF HANDLING TEMPORARY SCHOOL SHORTAGE

Now, in answering your question how, since we can't build a permanent building by October, will we take care of the situation. There isn't any way to do it, except to double sessions for one thing, and, if necessary, to use some Sunday school rooms and maybe rent some rooms to put in the additional teachers.

The significant thing really is here though—it is a matter of finances. Local school budgets in most States are prepared by this time of the year, under existing laws. The funds that a locality may derive for school purposes are funds received as a result of a levy for this fiscal year and no change in that levy can be made for one fiscal year. Similarly State school moneys come from legislative action in most States, and practically all States are on a biannual basis, so in those cases there are difficulties encountered in financing additional teachers in those localities.

Mr. CURTIS. But in most cases a district is not bound firmly by the budget estimates submitted when the levy was made; are they? They can go ahead and create obligations and issue warrants; can't they?

Mr. ALVES. I would say, by and large, that doesn't work like it did 10 or 12 years ago. We had a terrible experience, as you may recall, during the depression when school districts as other governmental agencies issued warrants—anticipation warrants—with the result that the first thing we knew they had pledged already, this year, all the money they might expect next year, so we had a write-off campaign; which you probably recall.

Mr. CURTIS. I will admit it is bad practice, but what I meant to say was to get around the emergency for a matter of a few months. That could be done, couldn't it?

Mr. ALVES. Well, what is the use of doing it if you have no increased tax income locally?

Mr. CURTIS. I am not advocating it as a remedy for this; don't misunderstand me. I am thinking about the date when school starts and the kids are at the door and we haven't done anything.

Mr. ALVES. Your point is with the assurance on the part of the locality that even though it does not have the money on hand on the opening day but may expect it, it can proceed; that is correct.

Mr. CURTIS. Now, Mr. Alves, you have given us a long paper which will go into the record in its entirety. This is one of the matters that I have thought about a great deal. Without a doubt, the Federal Government does have an obligation in these places.

Mr. ALVES. Yes.

Mr. CURTIS. And the local community has some and we may never agree on just where to draw the line as between the two?

Mr. ALVES. Yes; it ought to be as nearly equitable as humanly possible.

Mr. CURTIS. That is all, Mr. Chairman.

Mr. ALVES. I was going to make two statements, if I may, resulting from your questions and statements.

Mr. CURTIS. Go ahead.

Mr. ALVES. The Congressman referred to the fact that these localities would enjoy an increased business because of an influx of population. That is true, but that increased business is not the basis for voting bonds for capital outlay purposes. That is a matter of a tax base and I don't think we want to confuse the two. As a matter of fact the tax income from the increased business activities goes to the State as the agent of Government rather than the locality. I just wanted to be sure that that got into the picture.

FUNDS AVAILABLE UNDER LANHAM ACT

Now, with reference to existing Federal funds under the so-called Lanham Act, for community facilities. I am sure that the committee knows that at the time of the hearings we added to the estimates in other fields around $300,000,000. We have had $150,000,000. If the $300,000,000 is anywhere near accurate you can quickly determine a ratio.

The fact is that there is a request before Congress for an additional $300,000,000 for defense housing and that title VI of F. H. A. has been made considerably more lenient.[1] Recently I saw a statement to the effect that there was then anticipated need over and above all housing already planned of an additional 600,000 houses. If that $300,000,000 for additional Federal housing is appropriated and, correspondingly, private capital under the insurance clause of the Federal Housing Act builds the ratio anticipated, it means by the time you have completed 600,000 additional family dwelling units over and above those now planned or under construction, you can expect another child of school age, for each family occupying one of those units, to come into the picture.

The CHAIRMAN. Our record will be kept open for a week or 10 days and if you could submit to the committee a statement showing what figures you have obtained from various defense centers with reference to the increase in teacher load and facilities, we will be glad to incorporate it with your statement.

Mr. ALVES. Does the chairman mean a list of defense centers?

The CHAIRMAN. I think that is what we have in mind. It doesn't have to be done today.

Mr. ALVES. I don't think we can do that now for this reason, and I want to be sure that it isn't understood we don't want to. We would like to but right now we have in the field eight representatives of the office who are going into the localities with representatives of State departments of education, and with the assistance of every possible agency we can persuade to help. We are squeezing the water out of these estimates and some of them have a little water in them.

Now, whatever list we could prepare today or tomorrow wouldn't be any good anyway because, although these men are going at it rapidly, they are not yet near finishing. And furthermore, in getting the administration of H. R. 4545 going, as you probably are aware, the W. P. A. has men in the field, regional directors and field men, and they are going into the localities and, wherein a given locality you have a given situation today, it might be quite different tomorrow, because everybody is actively at work trying to determine the actual conditions of need. I am afraid it is almost an impossibility.

The CHAIRMAN. We realize the situation. We thank you very much.

Our next witness is Mr. Robert C. Weaver.

TESTIMONY OF ROBERT C. WEAVER, CHIEF, NEGRO EMPLOYMENT AND TRAINING BRANCH, LABOR DIVISION, OFFICE OF PRODUCTION MANAGEMENT, WASHINGTON, D. C.

The CHAIRMAN. Mr. Weaver, Congressman Osmers will interrogate you.

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[1] Text of "Title VI, Defense Housing Insurance," appears in Washington, pt. 17, July 18, 19, and 21, p. 6960.

Mr. Osmers. Mr. Weaver, would you give your name and position to the reporter for the record?

Mr. Weaver. Robert C. Weaver, Chief of Negro Employment and Training Branch, Labor Division, Office of Production Management.

STATEMENT BY ROBERT C. WEAVER, CHIEF, NEGRO EMPLOYMENT AND TRAINING BRANCH, LABOR DIVISION, OFFICE OF PRODUCTION MANAGEMENT

Racial Discrimination in Employment in National-Defense Industries

Field investigations by members of my staff in the Negro Employment and Training Branch of the Office of Production Management indicate that arbitrary employment barriers erected against Negroes and other minority groups in certain defense industries have increased the unnecessary migration of workers into some defense areas. This widespread exclusion of minority groups from participation in defense production has multiplied civic and social problems in various communities by placing additional burdens on the housing, school, police, and fire-prevention facilities of these municipalities. At the same time, these practices have tended to retard the progress of our defense effort by making impossible the total utilization of our human resources.

A few typical incidents will illustrate this situation. In Hartford, Conn., for instance, where an increasing shortage of skilled workers was evident this year, holders of defense contracts not only refused to employ competent and available Negro workers but also barred Negro youths from defense training programs after the available supply of white youths had been exhausted. While maintaining this ban against Negro workers—thereby increasing the percentage of Negroes on the relief rolls—these employers advertised throughout the country for white workers to come into the Hartford area.

This situation was duplicated in Los Angeles, where large-scale defense production is under way. Outside workers were imported into this area by the thousands while qualified and available Negro workers were denied the opportunity to lend their skills and aptitudes to the defense effort.

During the construction of a camp near Petersburg, Va., hundreds of available Virginia Negro carpenters were barred from employment on this project while thousands of white carpenters from all parts of the country were imported to the site for employment.

Similar practices may result in a heavy influx of outside labor to the Baltimore area this year. A recent survey conducted in that city revealed that approximately 40 percent of the male labor reserve of Baltimore is composed of Negroes. Assuming that only one-third to one-half of the Negro labor reserve under 45 years of age could qualify for training courses, from 3,000 to 4,500 additional trainees would be made available for defense industries in that area. Conversely, the failure of defense contractors to utilize this potential labor reserve will raise the number of in-migrants to Baltimore from 3,000 to 4,500 with a resultant increase of the housing, school, police, and fire-prevention needs of the community.

ATTITUDE OF MANAGEMENT

Many factors contribute to this widespread practice. One important factor is the attitude of management—both top and supervisory—toward the situation. Some presidents and directors of vital defense industries have refused to take any cognizance of the problem. Others, in isolated instances, apparently have permitted their own emotional bias to influence the employment practices of their companies. Practices of this nature, however, are more prevalent among the superintendents and foremen in defense plants. These men usually establish the practices and draw up the specifications through which workers are hired, and their lack of provision for the integration of qualified Negro workers has been accepted without question by management and labor alike.

ATTITUDE OF ORGANIZED LABOR

Another important factor in this picture is the attitude of organized labor toward the integration of organized Negro labor into our defense efforts. Although only a limited number of international unions bar Negroes by ritual or constitutional bans, scores of small local unions establish barriers against the employment of qualified Negro workers.

A typical instance where such a practice affects the problem under consideration occurred recently in Illinois. Hundreds of skilled Negro workers, many of them holding union membership, were barred from construction work on a large powder plant project near Chicago seemingly because the business agent of certain local unions in the nearby town refused to give clearance to these qualified Negro workers. While we have been able to correct the situation in many trades, these bans have been maintained in several crafts despite the crying need for skilled workers in these categories. At the same time, the local unions involved are calling skilled white workers from other jobs, some of them defense projects, no doubt, in various parts of the country in an attempt to fill the labor needs on this particular project.

GENERAL ATTITUDE OF WHITE EMPLOYEES

A third factor which may influence the picture is the general attitude of white employees toward the introduction of Negro workers into industry. While this factor undoubtedly does play a part in the formulation of exclusionist policies, it is often exaggerated by employers in their refusal to hire Negro workers. One large construction engineering firm, for instance, refused to use skilled Negro building trades workers in the erection of a powder plant in the Middle West. The construction manager for this firm defended this practice by saying that "white and Negro artisans would not work together in this section of the country." He refused to alter his position even when it was pointed out to him that subcontractors on this very construction job were using hundreds of Negro and white skilled workers and working them side by side. As a result of his arbitrary position on this question, hundreds of additional Negro skilled workers in the area were denied employment opportunities at the very time that the construction manager frantically sought white workers from other sections of the country.

I do not believe that I can stress too much the economic waste, and the dangers to our national unity, which result from such practices. There is no general formula by which thousands of local situations may be solved. There is, however, in almost every community and in most industries objective evidence that available local labor resources are being ignored while frantic efforts are being made to lure outside workers into defense communities. This is a problem which both management and organized labor must face, and one for which both must seek a solution. In view of the current emergency, it is a problem which deeply affects the entire American economy.

(The following exchange of correspondence, which took place subsequent to the hearing, has been made a part of the record in accordance with instructions of the chairman.)

[Copy]

July 23, 1941.

Dr. Robert C. Weaver,
Chief, Negro Employment and Training Branch,
Labor Division, Office of Production Management, Washington, D. C.

Dear Mr. Weaver: You may already have seen a statement released to the press by Mr. Noel Sargent, secretary of the National Association of Manufacturers, on July 18, 1941, in connection with his appearance before this House committee. In this release he referred to your testimony and said, "I respectfully submit that the committee, entitled to and obligated as it is to consider all available facts, should ask Dr. Weaver to submit the following additional data simultaneously with the names of the manufacturers of whom he complains." I am attaching on a separate memorandum the list of these data and am forwarding this to you with the request that you will add this to the list of names of those manufacturers whom you mentioned in the course of your testimony before us.

At the time of Mr. Sargent's appearance before the committee it was agreed by the committee that we should ask you to supplement your testimony with this additional material in order that we might keep the record straight. We will hold the committee record on this hearing open for a period of 10 days or until August 1 for the receipt of this material from your office. If you have any further questions with respect to this request, will you communicate with the office of the staff director, Dr. E. K. Lamb.

May I take this opportunity to thank you and Mr. Hillman for the arrangement to have you appear before this committee to present the comprehensive testimony that you gave us on July 17.

With all good wishes, I am,

Sincerely,

JOHN H. TOLAN, *Chairman.*

[Enclosure]

DATA TO BE ASKED OF DR. ROBERT C. WEAVER

I respectfully submit that the committee, entitled to and obligated as it is to consider all available facts, should ask Dr. Weaver to submit the following additional data simultaneously with the names of the manufacturers of whom he complains:

1. A list of all unions, international, national, and local, of which he has or secures knowledge, which refuse membership in their organizations to Negroes;
2. An analysis showing the proportion, in unions which do admit Negroes to membership, and such Negro membership to that of white workers;
3. A statement, in his official capacity as chief of the branch of Negro Employment and Training of the Office of Production Management, showing what studies have been made of the actual or probable effect on Negro employment of "closed shop" contracts recommended or ordered by the Defense Mediation Board, or the National Labor Relations Board, and negotiated by unions barring Negro members.

JULY 29, 1941.

CHAIRMAN OF HOUSING COMMITTEE
INVESTIGATING NATIONAL DEFENSE MIGRATION,
Washington, D. C.

DEAR SIR: During my appearance before your committee on July 16, 1941, you asked me to furnish you certain information about American trade-unions which bar Negroes from membership.In this connection I would like to call your attention to the Handbook of American Trade-Unions, Bulletin No. 618, issued in 1936 by the Bureau of Labor Statistics of the United States Department of Labor.

Concerning this problem this official publication of the United States Department of Labor cites the following constitutional qualifications for membership in the following international unions:

Airline Pilots Association (American Federation of Labor), Page 241: "Any moral person of the white race of lawful age and good moral character * * *."

Brotherhood of Railway Clerks (American Federation of Labor), page 251: "Any white person, male or female, of good moral character * * *."

Brotherhood of Railway Carmen (American Federation of Labor), page 180: "Any white person between the ages of 16–65 years."

Brotherhood of Dining Car Conductors (Railway Brotherhood), page 252: "An applicant for membership must be of the Caucasian race."

Grand International Brotherhood of Locomotive Engineers (Railway Brotherhood), page 259: "No person shall become a member of the Brotherhood of Locomotive Engineers unless he is a white man 21 years of age * * *."

Brotherhood of Locomotive Firemen and Enginemen (Railway Brotherhood), page 262: "Any worker within the jurisdiction who has served for at least 30 days, white, of good moral character, sober and industrious * * *."

Railway Mail Association (American Federation of Labor), page 311: "Any regular mail railway moral postal clerk or certified substitute railway postal clerk of the United States Railway Mail Service, who is of the Caucasian race, is eligible for membership."

International Organization of Master Mates and Pilots of America (American Federation of Labor), page 239: "Any white person of good moral character * * *."

Switchmen's Union of North America (American Federation of Labor), page 270: "Any white moral person of good moral character * * *."

Order of Railroad Telegraphers (American Federation of Labor), page 281: "Any white person of good moral character * * *."

Train Dispatchers Association of America (Railway Brotherhood), page 271: "Any train dispatcher, white, of good moral character * * *."

Brotherhood of Railroad Trainmen (Railway Brotherhood), page 274: "Any white moral person between ages of 18–65 * * *."

Railroad Yardmasters of America (Railway Brotherhood), page 277: "Any moral white person of good moral character * * *."

Wire Weavers Protective Association of America (American Federation of Labor), page 202: "Applicants for membership must be Christian, white, moral, of full age of 21 * * *."

Order of Railway Conductors (Railway Brotherhood), page 25: "Any white man shall be eligible to membership * * *."

Brotherhood of Sleeping Car Conductors (American Federation of Labor), page 253: "Applications for membership must be white, moral, sober, and industrious and must join of his own free will * * *."

Commercial Telegraphers Union of North America (American Federation of Labor), page 282: "Any white person of good moral character who is of 16 years of age * * *."

International Brotherhood of Blacksmiths, Drop Forgers, and Helpers (American Federation of Labor), page 175: "Colored: Where there are a sufficient number of colored helpers they may be organized as an auxiliary local and be under the jurisdiction of the white local having jurisdiction of their territory; colored helpers shall not transfer except to another auxiliary local composed of colored members and colored members shall not be promoted to blacksmiths or helping apprentices and will not be admitted to jobs where white helpers are now employed."

The Handbook of American Trade-Unions states further on this question:

"Constitutional requirements, however, do not in all cases cover the whole situation and in extreme cases they may, as a matter of fact, actually control. Rituals sometime contain phrases which by interpretation may exclude whole classes and groups of workers, such as Negroes."

In your letter of July 23, you requested more detailed information relative to Negro participation in labor unions. Among other things, you ask for a list of all unions, international, national, and local, which refuse membership in their organizations to Negroes. I have dealt with the international organizations above. Since we are constantly in the process of dealing with the problem of discrimination against Negroes on the local level, it is impossible to supply a list which has any validity. As soon as instances of discrimination are called to our attention, we communicate directly with the union involved, and in most instances we have been successful in securing some adjustments. The basis of our approach to this problem is an agreement of cooperation from the American Federation of Labor and Congress of Industrial Organizations, which was secured by the National Defense Advisory Council some months ago. I am attaching for your information a copy of an announcement of this agreement.

It is impossible at this time to give any statistical break-down as to the proportion of Negroes in unions. There are many organizations which have a large number of Negro members and in which there is no racial break-down either locally or nationally. In order to secure this information it would be necessary to send questionnaires to each local of every union in the Nation. The data so assembled would be incomplete and outmoded by the time it was compiled.

The only information which I can supply relative to the effect on Negro employment of "closed shop" contracts recommended by various Government boards would be general. As charges of discrimination in such cases are brought to our attention we immediately investigate them and, through the facilities of the Labor Division, attempt to secure an adjustment. Our approach to this problem is similar to instances where we have charges of discrimination by industry. I might say, however, that in light of the nature of the skilled supply of Negro labor, most "closed shop" contracts with which we deal are in the building trades occupations. Here we have made notable progress, as was indicated in the placement figure cited in my prepared testimony. I can add, however, that this matter of "closed shop" contracts and Negro exclusion is a real problem facing us. Its intensity is modified, however, by the fact that, with the exception of the building industry, in the majority of the defense contracts where Negro employment is an issue, either industrial unions which are open to Negroes are involved or there are not at the present time "closed shop" agreements.

I regret that it is impossible for me to answer definitely the questions which were set forth by Mr. Sargent but the problem is of such nature as to preclude detailed statements on these matters.

In my testimony before your committee I stated that several industrial firms had refused to employ Negro production workers after they had been urged to do so by representatives of our office. The North American Aviation, Inc., the Consolidated Aircraft Corporation, the Fairchild Aviation Corporation, and the Colt Firearms Co., at Hartford, Conn., are among this group.

I trust this information will be of assistance to your committee.

Sincerely yours,

[Signed] Robert C. Weaver,
Chief, Negro Employment and Training Branch,
Labor Division.

(The following correspondence also has been made a part of the record:)

Exhibit B—On Companies Refusing To Employ Negro Production Workers

Office of Production Management,
Social Security Building,
Washington, D. C., August 5, 1941.

Hon. John H. Tolan,
Congress of the United States,
Washington, D. C.

My Dear Mr. Tolan: I have your letter of July 30 requesting a complete list of industrial firms which have refused to employ Negro production workers after they have been urged to do so by a representative of my office.

It so happens that in the majority of cases where we have been able to make no progress in placement, management has not definitely refused to hire Negro workers but has made promises of cooperation which have in many instances not been followed. It was for this reason that the list which I gave in my letter of July 29 was short. There are many plants which hire a few Negroes and refuse to add any more, or which have promised to hire Negro production workers but have refused to be definite as to the time of action. In light of these facts I do not believe that a more detailed list would be accurate.

Sincerely yours,

[Signed] Robert C. Weaver,
Chief, Negro Employment and Training Branch,
Labor Division.

[Copy]

July 30, 1941.

Dr. Robert C. Weaver,
Chief, Negro Employment and Training Branch,
Labor Division, Office of Production Management, Washington, D. C.

Dear Dr. Weaver: Thank you for your letter of July 29[1] and for the materials it contains. Your letter will be placed in the records of the committee as part of your testimony.

If I remember the request of the committee correctly in regard to the list of industrial firms that had refused to employ Negro production workers, after they had been urged to do so by a representative of your office, I believe that we asked for a complete list of such firms. If it is possible for your office to furnish such a complete list within the next 10 days, we can make it part of our record.

We do not wish to emphasize the firms in the particular localities which we investigated to date in contrast with other firms throughout the country who have refused to employ Negroes.

With all good wishes, I am,

Sincerely,

John H. Tolan, *Chairman.*

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[1] This reference is to letter appearing on p. 6531.

[Copy]

AUGUST 8, 1941.

Dr. ROBERT C. WEAVER,
Chief, Negro Employment and Training Branch,
Labor Division, Office of Production Management, Washington, D. C.

DEAR DR. WEAVER: Thank you for your letter of August 5. In it you mention that a number of firms have made promises of cooperation which have not been followed; would you submit for the record as complete a list as possible of such firms?

In addition, you make a statement that several employers have promised to hire Negro production workers but have refused to be definite as to the time of action. The committee assumes that those firms who have promised cooperation are sincere in their promises and that the inclusion in the record of as complete a list of such firms as possible would in no way hinder the important work of the Labor Division.

With all good wishes, I am,

Sincerely,

JOHN H. TOLAN, *Chairman.*

OFFICE OF PRODUCTION MANAGEMENT,
Washington, D. C., August 18, 1941.

Hon. JOHN H. TOLAN,
Congress of the United States,
Washington, D. C.

MY DEAR MR. TOLAN: In response to your letter of August 8, I am attaching a list of companies from which commitments have been received for the employment of Negroes. Those companies with the asterisk have already employed Negroes in accordance with their promises. Other companies listed have made commitments for the employment of Negroes in production capacities and we are now in the process of following up these promises. This list is accurate as of August 15.

Sincerely yours,

[Signed] ROBERT C. WEAVER,
Chief, Negro Employment and Training Branch, Labor Division.

LIST OF COMPANIES FROM WHICH COMMITMENTS HAVE BEEN RECEIVED FOR THE EMPLOYMENT OF NEGROES

Ordnance:
- Goodyear Engineering Corporation (Hoosier River Ordnance Works).
- Houde Engineering Co.
- Indiana Ordnance Works* (Du Pont).
- Iowa Ordnance Plant (Day & Zimmerman). Plant now under construction.
- Kingsbury Ordnance Works (Tood & Brown).
- Lake City Ordnance Works (Remington Arms). Plant now under construction.
- Ohio River Ordnance Works (Atmospheric nitrogen).
- Radford Ordnance Plant* (Hercules Powder Co.).
- Ravenna Ordnance Works (Atlas Powder Co.).
- St. Louis Ordnance Works (Western Cartridge Co.). Plant now under construction.
- United States Cartridge Co. (division, Western Cartridge Co.). Plant now under construction.
- Wolf Creek Ordnance Works (Procter & Gamble).

Aircraft industry:
- Allison Division of General Motors.*
- Bell Aircraft Corporation.*
- Bendix Company.*
- Brewster Aeronautical Corporation.*
- Briggs Manufacturing Co.*
- Curtiss-Wright Aircraft Corporation.*

Aircraft industry.—Continued.
- Douglass Aviation Corporation.*
- Graham Paige Motor Corporation.
- Grumman Aeronautical Corporation.*
- Hudson Motors.*
- Lockheed Aircraft Corporation.
- Packard Motor Car Co.*
- Pratt & Whitney.*
- Republic Aviation Corporation.*
- Spartan Aircraft Co.
- Sperry Gyroscope Co.*

Shipbuilding industry:
- Consolidated Steel Corporation, Ltd.*
- Cramp Shipbuilding Co.*
- Federal Shipbuilding Co.*
- New York Shipbuilding Co.* (unskilled only).
- Sun Shipbuilding Co.*

Garment trades:
- Bamberger-Reinthal Co.*
- Freuhauf Southwest Uniform Co.*

Motor manufacturing:
- Autocar Co.
- Continental Motors.

Miscellaneous:
- American Telephone & Telegraph Co.*
- Bauer & Black.
- Bridgeport Brass Co.*
- Cleveland Pneumatic Tool Co.
- Eberhardt Manufacturing Co.*
- Edward G. Budd Co.*
- Emerson Electric Co.*
- Fruehauf Trailer Co.
- Goodrich Rubber Co.*
- Goodyear Aviation Co.
- Lacakawanna-Bethlehem Steel Corporation.*
- Murray Body.*
- Pressed Steel Co.
- Radio Corporation of America.
- Thompson Products Co.*
- York Safe & Lock Co.

TESTIMONY OF ROBERT C. WEAVER—Resumed

Mr. Osmers. I wonder, Mr. Weaver, if you would give to the committee a few typical community examples of discrimination against Negroes?

Mr. Weaver. Perhaps the most striking example is in the aircraft industry. Take the west coast, in the southern California area, where there has been a terrific labor requirement for the aircraft industry in the last few months, with tens of thousands of workers being recruited—many of them being recruited from out of the State of California.

Mr. Osmers. Where are they coming from principally, Mr. Weaver?

Mr. Weaver. Texas, I should say, from my information as to that situation.

There were exactly four Negro production workers in the aircraft industry in southern California a month ago when I was out there. In the Los Angeles area there is a fairly large population, a population from which, conservatively, several thousand trainees could have been recruited and that population has been completely untapped to date with the exception of the four that I mentioned.

We have another situation in the same industry in Baltimore, Md., with the largest single labor demand there coming from an aircraft manufacturing plant.

That plant is now increasing its employment rolls at a very rapid rate. There is a dearth of training material in Baltimore at the present time. The only reserve for trainees for production workers is a Negro reserve.

TWO UNIONS REFUSING TO ADMIT NEGROES

Mr. OSMERS. What unions refuse to permit qualified Negro workers to membership?

Mr. WEAVER. Well, that is a very difficult question to answer because the union policies are usually not national policies. I mean you will find a given situation in one city and another situation in another city. There are two A. F. of L. unons that I know of which have constitutional provisions which would prevent Negroes being members.

One restricts Negroes to helpers and only helpers in a shop, and they cannot get any further than helpers. The other union, the Carmen of America, say that for membership a person shall be white and between the ages of 16 and 65 years.

Now, in other unions, in other internationals, there are instances where there are rituals which limit membership to white persons, while the constitution says nothing about race restriction. The main difficulty is not so much in the international or national requirements as in local practices.

Mr. OSMERS. Now, right on that subject. We had evidence given to the committee that some white workers, particularly skilled workers, refused to work with Negro workers. What do you think of that argument?

Mr. WEAVER. Well, I think that it is about 25 percent true. But I will say this in explanation. As we track down these cases we have employers say they will not hire Negroes because of union situations. We go back and very often find that they have an open shop, so it is absurd to say that it is a union requirement.

We go into cities where it is said they cannot hire Negro workers as production workers because the white production workers will walk out. Well, right down the street, in the same industry and on the same processes, we find Negroes and white workers working in the same occupation.

Now, there is no question that where you have created a new industry and where that industry starts out discriminating and keeping out any element of the population—they don't have to be Negro, they can be any other minority group—that that builds up in the minds of the workers a vested interest which makes it more difficult to introduce them at a later time. Although there are instances, as in any time of a tight labor market, where those same people, who claim they can't work together, find they will work together. We have them working together in other places.

In other words a lot of it depends upon management's point of view. If management were willing to plan for the thing and go about it intelligently and with some degree of an over-all plan and point of view there would be no difficulty. In 25 percent of the cases it has been done and is being done today without any difficulty.

Now, there are certain situations in which if you inject a new group suddenly without any preparation, you are apt to have difficulty, but it depends there upon the way in which it is done. The best proof of the pudding is in the eating of it and the test is that there are companies in the same areas which are now doing the thing successfully.

EFFORTS TO COMBAT DISCRIMINATION

Mr. Osmers. Now, what efforts has your branch of the Labor Division made to overcome this Negro discrimination and what progress are you making?

Mr. Weaver. Well, we are doing two things. The first thing is the thing we have been doing since the inception of the branch. We have been there for about a year, first with the Defense Commission and then, of course, transferred over to O. P. M. I have a relatively small field staff and that staff goes into these industrial areas, works directly with defense contractors and through its contacts has been able to secure a modification of certain of these employment policies as far as racial discrimination in employment is concerned.

The first thing we worked on was the construction of Army cantonments because that was, of course, the first big employment. We were, I should say, relatively successful in that particular situation, because we had had a great deal of experience. I had worked before with the United States Housing Authority and I was able to borrow some of the people who knew the construction game pretty well, and we were able to go in there and work with the unions and in many instances were able to secure Negro participation in unions where they had never been before.

Mr. Osmers. Which industry, Mr. Weaver, forms the biggest stumbling block to your efforts—which single industry?

Mr. Weaver. That is very difficult to say because, on the surface, from a statistical standpoint, you would say it is the machine-tool industry, but that wouldn't be an accurate statement because in he machine-tool industries you have so many highly trained workers, and we do not have a large number of Negroes highly trained in that industry.

Mr. Osmers. You mean the experience factor is not with your Negro worker?

Mr. Weaver. Yes; that is true too.

Mr. Osmers. I know if they are not allowed to start in industry they can't get the experience. It is like the egg and the chicken. Have training facilities been provided for Negroes in proportion to their population?

Mr. Weaver. No, sir.

EFFECT OF DEFENSE PROGRAM ON MIGRATION FROM THE SOUTH

Mr. Osmers. Has the migration of Negroes out of the South, which has been so marked in the last few years, been accelerated because of the defense program?

Mr. Weaver. On the whole, I would say no. In one or two centers, you see, during the depression, migration declined quite a bit, but there are centers to which there has been a continued migration of both Negroes and whites. Some localities attract them, just as you have migration to California, which is sometimes entirely disassociated with any economic factor. For the same reason you have migration of Negroes into certain areas in the North which have glamour, I might say, to the populations back South.

But as far as industrial movement is concerned, that declined during the depression and there is no evidence now of any appreciable increase, with the exception of one or two centers which have always had the glamour factor involved.

In that connection I should like to point out that our whole approach to this problem has been one of the employment of all available, qualified local labor. Our whole policy and procedure is based upon the use of these people, not because they are Negroes but because they are a part of the local population; because they are already here, because schooling is already here for them, because housing is already here for them, and all of the other things that go into that picture, both social and economic. Our whole program has been one of using these people because they are local labor and we are not interested and have not been interested in any way in encouraging the movement of people from one section of the country to the other.

Mr. OSMERS. What does the average Negro citizen feel about this discrimination?

Mr. WEAVER. I think the average Negro citizen feels this discrimination more keenly than he probably feels anything else of a public nature.

At least, since I have been conscious enough to know what they are thinking and how they are feeling, I think that every Negro organization and every Negro newspaper has agreed on the seriousness of that situation and they have become almost united on what should be done to solve it. That is a very significant thing and, of course, it is all tied up with this morale problem.

EFFECT OF THE PRESIDENT'S ORDER

Mr. OSMERS. Do you think that the President's recent Executive order will have any effect upon the situation?

Mr. WEAVER. Yes; I think, obviously, that the future contracts which will include a nondiscrimination clause will give us a great deal more to work with, when we go to discuss this thing. At least we will have some basis on which to base our negotiations and approaches to the problem.

I don't think it will solve the whole problem, because obviously we have got all these contracts which have gone before, which will not be influenced by the nondiscrimination clause, and also the fact that a clause in a contract is only the first step. It has got to be implemented.

Mr. OSMERS. Is that clause being written into all new contracts?

Mr. WEAVER. I have checked with the Army and they have sent out a directive that it should be included in all new contracts. I am now checking with the Navy, and the Coast Guard.

Mr. OSMERS. I questioned a witness at our Baltimore hearings. He was the representative of the Baltimore Urban League,[1] and I put that question to him, whether he thought it would be helpful in his efforts, which are somewhat similar to your own, to nail it down in a contract so that they had something to point to, something definitely written in black and white that they could talk about, and he thought that it would be helpful if they had that clause to work on.

RECALCITRANT UNIONS

Now, just going back for a moment in your testimony, would you care to name some of the unions that do exclude and bar Negroes?

Mr. WEAVER. Well, I would prefer to name the unions with which we have the greatest difficulty because, with the exception of the two which have these constitutional provisions, there are always some exceptions.

It could be pointed out that in some one city this local admitted our people whereas in maybe 95 percent of the other cities they do not admit them.

The machinist union has been one with which we have had a great deal of difficulty. The electrical union in the building trades—those two would be outstanding.

Mr. OSMERS. Are they A. F. of L. or C. I. O.?

Mr. WEAVER. They are A. F. of L.

Mr. OSMERS. Do you ever have any difficulty with other building trade-unions?

Mr. WEAVER. Yes; locals, but it is very difficult to generalize. I mean in one city we may have perfect accord with the trowel trade, where we have the most favorable situation, yet we will go to another city and maybe in the bricklayers' local union we will have the greatest amount of difficulty.

Mr. OSMERS. I know in my State of New Jersey—and while this committee was in Trenton we had evidence presented there—that various building trade-unions in that State forbid membership for Negroes effectively, whether they do it constitutionally or not, I don't know. They effectively prevented Negroes from becoming members.

Mr. WEAVER. The difficulty with that, sir, is the fact that in Newark, when we were building the housing project there, we were able to get Negroes in most of the unions, so any blanket statement of that sort is very dangerous because you will get the exceptions which will disprove your blanket statement.

Mr. OSMERS. In a broad sense, would you say that the situation is improving?

Mr. WEAVER. I believe that, as far as the union relationship is concerned, we are making progress with that.

DISCRIMINATION AGAINST OTHER GROUPS

Mr. OSMERS. Now, while I realize you haven't come here for the purpose of discussing all discrimination, I wonder if you would cite to the committee and for our record any other evidences of discrimination against other races or groups or minorities in the population?

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[1] See testimony of Edward S. Lewis, executive secretary, Baltimore Urban League, Baltimore hearings, p. 6093.

Mr. WEAVER. Well, obviously our work is very closely tied up with that of the other minority groups, because the problem, genetically, is the same problem. It is just a different expression of it. I think perhaps the best way I can indicate that is to differentiate between the Negro discrimination and the other groups by first enumerating the other principal groups.

There has been discrimination against persons who are Jewish; there has been discrimination against persons who are of Italian parentage, though they may be citizens of two generations, but the fact that their grandparents were Italian has been used against them.

There was some discrimination, though not as much as one might expect in the light of circumstances, in the cases of people of German parentage. On the west coast there is quite a bit of discrimination against so-called Latin Americans or Mexicans, depending upon how they may use the terminology there.

Those have been the principal groups which have been discriminated against.

The CHAIRMAN. All of those groups, of course, were included in the President's Executive order, were they not?

Mr. WEAVER. Yes, sir.

Mr. OSMERS. And you feel that progress is being made along those lines?

Mr. WEAVER. There is this difference in those groups: There is nothing like a national problem with them as there is in the case of the Negro worker. You have one section of the country, let us say in New England, where you get your anti-Semitism—where you get a certain amount of discrimination against persons of Italian parentage.

If you go into the Middle West you will have the same industries in which you find none of that or no evidence of that particular type of discrimination, so it is more difficult to get your fingers on that problem from a national point of view.

We are, however, through Dr. Alexander's office, establishing contacts in the field with these problems and are beginning to make some progress, I believe, with them.

FIRMS FLATLY REFUSING TO HIRE NEGROES

Mr. OSMERS. Have any firms refused to employ Negroes after a direct request from your office?

Mr. WEAVER. Yes, sir.

Mr. OSMERS. Would you be specific about them?

Mr. WEAVER. I would prefer to get that and submit that later rather than try to give it from memory.

Mr. OSMERS. I wish you would do that for the purpose of the record.[1]

Now, what is being done about providing additional training facilities for Negroes?

Mr. WEAVER. We have just put into effect a new, definite policy in the training division of O. P. M. As you know, the idea has been to train in relation to the demands of industry. It has almost gotten to the point in many areas where persons are trained only if it is sure industry will use them.

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[1] See letters from Mr. Weaver, pp. 6533–6535.

Well, you get a vicious circle there, obviously. Negroes have not been trained because the training people feel they couldn't be employed and the employment people said they couldn't get jobs for them. We have now adopted a new policy, stating that in certain communities where O. P. M. will go in and see there is going to be a growing demand for workers in certain occupations, we will decide that in those communities there should be some training of Negroes, decide in what occupations and to what degree, so that now we will begin training Negroes in more centers, for occupations in which they may not now be employed.

Mr. OSMERS. Do you feel that the situation is improving?

Mr. WEAVER. Yes. We have the machinery set up and we are actually doing it in one or two areas.

Mr. OSMERS. Tell me how big a staff you have in the Negro employment and training branch?

Mr. WEAVER. About six field men with one or two others.

Mr. OSMERS. How many other Negroes are employed in O. P. M.?

Mr. WEAVER. Outside of my office I suppose there may be three or four stenographic workers, one or two clerks, and four or five messengers.

Mr. OSMERS. About a dozen you would say?

Mr. WEAVER. I think that would be about accurate.

DISCRIMINATORY PRACTICES IN SOME STATE EMPLOYMENT SERVICES

Mr. OSMERS. Now, you have had, I presume, considerable experience with the United States Employment Service. Have you found any evidence, on their part, of discrimination against Negroes or against any group?

Mr. WEAVER. Well, it all depends on what you mean by the United States Employment Service, sir. Of course, as you know, they operate through the State offices.

Mr. OSMERS. That is what I am referring to.

Mr. WEAVER. I have found the Employment Service very cooperative. Obviously, in their various local and State offices you get all degrees of cooperation; it depends upon the locality of the office and the person who is in charge of the office.

Mr. OSMERS. Would you care to cite for the record any specific instances where they were discriminating or apparently discrimianting against Negroes?

Mr. WEAVER. The Employment Service is in a very peculiar position. Overt and outward discrimination is difficult to put upon it because it is a referring agency and the situation that perhaps is the most unfortunate thing would be when an employer calls in and says: "I want 25 workers."

The interviewer says: "What do you want, colored or white workers?"

And immediately the man says: "White workers" without thinking. It is almost an instinctive thing. Just as I would say if I were on the other side: "Colored workers."

You just do it. On the other hand there have been offices like in New York City where it has received calls for white workers and they have explained to the employer that it had qualified Negro workers and has sold them on the service of those qualified workers, but that is a rare thing.

Mr. OSMERS. Would you say that as a general thing the employment services could help a great deal if they wanted to?

Mr. WEAVER. Yes; and I think in this new set-up that we have, this new labor supply branch of O. P. M. in which the Employment Service is represtened and in which our office is represented in these new labor supply committees in the various areas, we are going to be able to get the Employment Service to do more of this than they have done in the past.

NUMBER OF NEGROES PLACED IN CONSTRUCTION

Mr. OSMERS. Would you be able to estimate for the committee the number of workers that have received positions in defense industries as a result of the efforts of your branch?

Mr. WEAVER. I could only do that in construction, sir. I think that in construction by April, conservatively, we had placed over 2,500 Negro skilled workers and tens of thousands of common laborers, many of whom would have been placed anyhow, but the skilled workers, I think, we had a great deal to do with placing.

Other than that it is impossible to estimate, because after we get an employer to accept Negro workers and after we get the machinery in operation to refer them to him, there is no way that we can check back on the number he employs.

Mr. OSMERS. William Green testified before the committee yesterday and he told us with considerable pride and I think he should have considerable pride in the fact that his union had cooperated with the defense program in the instances which he had cited to the committee, and they had sent as many, in one instance, as 23,000 skilled workers to a certain defense area. I would like to inquire if you know the number of Negroes that were involved in those huge numbers of men that were supplied to these defense programs.

Mr. WEAVER. I don't know the answer but I am willing to say that it was a very small number, if any. I don't know the facts except as they are reflected in the employment on those particular projects that we run into.

Mr. OSMERS. Well, this committee as you know, is interested in stopping needless migration wherever possible and the point that we have made, in many of these communities, has been that they should use the resources of their own area first before transferring thousands of people from all over the country. I think the Baltimore area is a crystal-clear example.

BARRING OF NEGRO CARPENTERS AT PETERSBURG, VA.

Mr. WEAVER. I can give you a specific one, in the construction of the camp at Petersburg. I have forgotten the name of the camp now, but there is this big camp down there at Petersburg. There were hundreds of Negro carpenters in the area contiguous to Petersburg and in Petersburg. On the other hand as far north as New York City, through the same mechanism which you speak of, white carpenters were recruited and brought into the Petersburg area and not a single Negro carpenter was permitted to work in the construction of that camp.

Mr. Osmers. Would you agree with me in this statement, that it is rather ridiculous to spend these millions of dollars and go to the extent that we are to defend the four freedoms throughout the world, if we are not going to give those four freedoms to the people in our own country.

Mr. Weaver. Yes, sir; very definitely. And I think it also is a very dangerous procedure.

Mr. Osmers. I told an aircraft executive, who came before the committee and expressed the great fear that the production of aircraft in his plant would stop if they employed Negroes, that I thought it would be just as well if the production of aircraft did stop if we were going to bar this one group of Americans from participating in the program.

That is all I have, Mr. Chairman.

The Chairman. Congressman Arnold?

Mr. Arnold. No questions.

The Chairman. Congressman Curtis?

RACIAL VARIATIONS IN APTITUDE

Mr. Curtis. Mr. Weaver, do you think that the various aptitudes, such as mechanical aptitude vary within races or nationalities?

Mr. Weaver. I think they vary with individuals.

Mr. Curtis. Do you think that Mexicans make just as good policemen as Irishmen?

Mr. Weaver. It all depends on the Irishman and the Mexican.

Mr. Curtis. In other words it is your opinion that it is a matter of training and individual adaptability?

Mr. Weaver. Yes, sir; and selection.

Mr. Curtis. Are there any figures on that?

Mr. Weaver. We had a lot of figures some time ago on intelligence tests and then the testers of the intelligence tests got together and disagreed on what they were testing. That is about the closest we ever had anything, objectively, on that. We get aptitude tests which are admittedly unsatisfactory but they are indicative of, perhaps, a capacity.

I don't think that you have any objective data. You do have this fact:

You can prove just about what you want to prove on those things, I believe. I think I could prove that Negroes could do any job as well as anybody else with the same data that somebody else would use to disprove it. The nearest we have to objective data on efficiency are those figures which come out of groups working at piece rates on a productive basis and most of those figures seem to indicate that these racial factors don't count, provided the same type of selection was used in the first place.

Mr. Curtis. You don't think that they could prove that, say for instance, Swedish people were better mechanics than Greeks?

Mr. Weaver. I don't quite comprehend that concept, sir, because it all depends upon what group of Swedish people you start with. Now, obviously, if you go into a rural area, say into a plantation area where cotton is being produced with a single process that has been there for years and you take the worker who is doing that, be he white or black, and you put him up to a machine, and then you go into another area where there is diversified farming and where the farmer has to be a good all-around mechanic and put that farmer next to that southern plantation worker, be he white or black, and the man from the diversified farming section is going to run circles all around the other man, but I don't think that is a racial characteristic.

Mr. Curtis. You do not think that the Greeks' ability to excell in running a restaurant is a racial characteristic?

Mr. Weaver. No; I think that is an environmental factor, the same as the Chinese in the laundry business.

Mr. Curtis. And the Japanese as vegetable growers?

Mr. Weaver. Yes.

Mr. Curtis. That is all.

The Chairman. Thank you very much, Mr. Weaver. We appreciate your coming here.

Our next witness is Governor Townsend.

STATEMENT OF M. CLIFFORD TOWNSEND, DIRECTOR, OFFICE OF DEFENSE RELATIONS, DEPARTMENT OF AGRICULTURE, AND MEMBER OF PLANT-SITE COMMITTEE, OFFICE OF PRODUCTION MANAGEMENT, WASHINGTON, D. C.

The Chairman. Governor Townsend, Congressman Arnold will interrogate you.

Mr. Arnold. Governor, you have given your name to the reporter. In what capacity do you appear here?

Mr. Townsend. Director, Office of Defense Relations, Department of Agriculture.

Mr. Arnold. And you are also a member of the Plant-Site Committee of the O. P. M.?

Mr. Townsend. Yes, sir.

Mr. Arnold. And your home is in Indiana?

Mr. Townsend. Yes, sir; living here temporarily.

Mr. Arnold. Would you briefly outline the present work of the Plant-Site Committee of the O. P. M.?

Mr. Townsend. Do you mean just the character of the work that is being engaged in at the present time?

Mr. Arnold. Yes. You have submitted a very fine statement together with charts that are very valuable and they will be included in the record. They will constitute a very valuable contribution.

STATEMENT OF M. CLIFFORD TOWNSEND, MEMBER OF PLANT-SITE COMMITTEE, OFFICE OF PRODUCTION MANAGEMENT, WASHINGTON, D. C.

The Location of Defense Plant Sites

A great many people have been concerned for some time with the effect of the defense program upon the migration and future welfare of American workers. At present we cannot estimate accurately how many hundreds of thousands of workers will shift from one line of work to another or move their homes from one community to another as a result of the defense program, because it is still impossible to predict the magnitude of the emergency that will face the Nation this winter or next year. Recently, however, when I visited my home State, Indiana, I was impressed by the extent of the effects of the defense program on the American worker. Already many managers of defense plants and many farmers in my State have found it difficult to recruit qualified workers. This is true despite the fact that only a year ago our Government had to provide for from seven to ten million unemployed workers "willing and able to work," while thousands migrated from State to State in search of jobs. In short, although the Nation has just begun its defense program, it is already necessary for workers to move to new communities and to acquire the skills of what may be temporary jobs.

As the sweeping implications of our defense program become evident it is clear that comprehensive planning of the very highest order is necessary if our defense production is to be carried on successfully without creating serious problems for large groups of workers after the emergency is over. I would like to devote my testimony before this committee primarily to the problem of coordinating the planning of industrial and agricultural production under the defense program so that the migration of workers and their dislocation from peacetime jobs is reduced to a minimum. As a member of the Plant Site Board of the Office of Production Management, and as Director of the Office of Agricultural Defense Relations, I have an opportunity of participating in the planning of each of these two major aspects of the defense program.

From the very beginning of the defense program many individuals have claimed that a proper geographical distribution of defense production would do more to prevent wasteful human migration than any other single measure. Now we are faced by the significant fact that only through a carefully planned distribution of contracts and new plant facilities can we hope to maintain a balanced production program. From the time I first participated in the defense program it has been my opinion that unless the geographical distribution of industrial production is carefully planned in relation to the problem of increasing the production of essential food commodities, all kinds of serious difficulties will be encountered. Without such planning one phase of the defense program will compete with another for labor and materials in some areas, while in other sections of the country large labor and raw material reserves will remain unused. There is always the danger, in short, that we will fail to secure the maximum increase in the production of the tools of war or the desired increase in the production of food commodities. We would run the risk of break-downs in our industrial production or a curtailment in the supply of certain food commodities.

FOUR PRINCIPLES IN DISTRIBUTING PLANTS

In planning the geographical distribution of new defense plants, defense officials have been guided by four major principles:

First. New defense plants should be located so as to enable us to make the greatest and most expeditious use of the manpower, machinery, and materials of the Nation. In short, the defense program must be so distributed that we can draw promptly and to the fullest extent on the available manpower and facilities of the country. To accomplish that, plants must not be located at sites where shortages of labor, housing, essential materials, and transportation facilities, or other "bottlenecks" will be encountered. Furthermore, plants should not be located at sites where such an additional factory will create new "bottlenecks" for operators already established in the area.

Second. It has been the policy to distribute operations so that when we are through building armaments our Nation will have as soundly organized an industrial system as possible. If this objective is to be achieved it is necessary to avoid drawing into a few temporary boom areas thousands of workmen who will be left stranded after the emergency is over. A more difficult task is to work toward a better balance between industry and agriculture in many States.

Third. The manufacture of defense requirements should be distributed so as to make the maximum possible contribution to the welfare of American workers—both urban and rural. Such an objective calls for locating defense plants in areas where large bodies of unemployed and underemployed workers have been dammed up in temporarily depressed communities or on poor land. World War No. 1 demonstrated that to use effectively such labor and to lay the basis for a permanent improvement in the standard of living of such people, insofar as possible, industry must be brought to the workers rather than the workers to a distant factory.

Fourth. The fourth objective of the Plant Site Board of the Office of Production Management has been to avoid as far as possible the location of any plants in areas producing essential defense food commodities where there was a prospect of a serious rural labor shortage. A study was made of the areas in which the production of dairy and poultry products and vegetables and fruits was concentrated and on the advice of Vice President Wallace, Secretary

Wickard, and Surplus Marketing Administrator Milo Perkins, these areas were avoided by the committee, insofar as it was possible. Again, however, I think it should be pointed out that frequently this rule had to be overlooked whenever technological or strategic considerations restricted the choice of sites for a defense plant.

It has not been easy to carry these principles into effect. Some of you, no doubt, are of the opinion that we have been better in principle than in practice. The opinions of many of you have been formed on the basis of data regarding the distribution of all defense contract awards. Table I shows the distribution by States and by industrial areas of all types of major defense contracts between June 1, 1940, and May 31, 1941, except some of the contracts awarded by the Defense Plant Corporation and the Maritime Commission.

TABLE I.—*Distribution of major defense prime contracts awarded by the War and Navy Departments, by State and major object, June 1, 1940, to May 31, 1941*

[Thousands of dollars]

	Total	Percent of United States total	Airplanes, engines, parts, and equipment	Ship construction and equipment	All other
Grand total	$11,955,995	100.00	$2,523,247	$3,687,281	$5,745,467
Continental United States	11,243,128	94.04	2,489,263	3,639,186	5,114,679
Alabama	168,704	1.41	----------	40,172	128,532
Arizona	3,107	.03	----------	----------	3,107
Arkansas	4,940	.04	----------	16	4,924
California	1,334,502	11.16	664,126	461,455	208,921
Colorado	123,707	1.03	----------	39	123,668
Connecticut	558,146	4.67	215,233	128,095	214,818
Delaware	6,365	.05	----------	4,295	2,070
District of Columbia	5,623	.05	----------	197	5,426
Florida	96,202	.80	----------	46,309	49,893
Georgia	85,420	.71	19	5,276	80,125
Idaho	1,251	.01	----------	----------	1,251
Illinois	333,078	2.79	40,003	24,414	268,661
Indiana	376,240	3.15	120,695	3,903	251,642
Iowa	68,761	.58	41	38	68,682
Kansas	63,612	.53	43,441	----------	20,171
Kentucky	48,477	.41	117	278	48,082
Louisiana	34,387	.29	----------	4,011	30,376
Maine	185,476	1.55	----------	174,624	10,852
Maryland	358,651	3.00	234,587	6,847	117,217
Massachusetts	690,686	5.78	4,654	528,488	157,544
Michigan	723,908	6.05	220,727	26,150	477,031
Minnesota	43,449	.36	705	439	42,305
Mississippi	71,579	.60	----------	50,014	21,565
Missouri	359,823	3.01	67,452	1,301	291,070
Montana	12	----------	----------	----------	12
Nebraska	14,265	.12	----------	13	14,252
Nevada	4,249	.04	----------	----------	4,249
New Hampshire	12,748	.11	153	18	12,577
New Jersey	1,388,764	11.61	313,063	820,149	255,552
New Mexico	9,362	.08	----------	----------	9,362
New York	1,100,529	9.20	344,250	149,704	606,575
North Carolina	85,636	.72	----------	793	84,843
North Dakota	----------	----------	----------	----------	----------
Ohio	475,504	3.98	18,133	125,576	331,795
Oklahoma	22,626	.19	1,860	362	20,404
Oregon	51,014	.43	11	36,244	14,759
Pennsylvania	654,251	5.47	19,172	191,510	443,569
Rhode Island	61,938	.52	76	5,368	56,494
South Carolina	48,845	.41	47	8,342	40,456
South Dakota	128	----------	----------	----------	128
Tennessee	75,760	.63	57	1,424	74,279
Texas	266,580	2.23	37,742	101,871	126,967
Utah	9,924	.08	----------	65	9,859
Vermont	3,540	.03	----------	----------	3,540
Virginia	545,749	4.56	----------	389,801	155,948
Washington	424,409	3.55	135,810	239,412	49,187
West Virginia	95,017	.79	74	1,649	93,294
Wisconsin	14,,891	1.19	7,015	60,524	74,352
Wyoming	4,293	.04	----------	----------	4,293
Off continent	89,274	.75	----------	1,034	88,240
Unassignable	623,593	5.21	33,984	47,061	542,548

These are aggregate figures for all types of defense operations. They include new plants built by the Federal Government as well as contracts placed with private manufacturers in existing plants. It is true that there appears to be considerable concentration of defense production but it must be recalled that before the emergency began, manufacturing was already highly concentrated in these same States. In 1939 the census showed that 10 States, New York, Pennsylvania, Illinois, Ohio, Michigan, New Jersey, Massachusetts, California, Indiana, and Connecticut, accounted for about 71 percent of all the value added by manufacturers in the country as a whole (see table II). It is interesting to note that the 10 States with the highest percentage of defense contracts had very nearly the same percentage of the total (72 percent). Furthermore, 8 of the 10 States having the largest share of defense contracts were in the list of the 10 States having the largest share of the Nation's industry. In other words, defense contracts had to be given to plants where they were located.

Before proceeding further, however, I think that it is wise to break down this data further and examine table III and map I (prepared by the Industrial Location Section, National Resources Planning Board), showing the distribution of all new plant facilities financed in one way or another under the defense program. Naturally, one would expect a wider range of choice in selecting locations for brand new facilities than in placing orders with existing firms. New plants can be placed wherever raw materials, labor supply, terrain, power and transportation facilities, and points of use are satisfactorily related to one another. The data regarding the distribution of all new defense plants between June 1, 1940, and May 15, 1941, show that there has been a considerably wider distribution of new facilities than of contracts to existing plants. No State has been assigned more than 8.9 percent of the total capital invested in these new facilities, which is considerably less than the share of all manufacturing activity (13.5 percent) possessed by New York State. Furthermore many States not included in the 10 most industralized States, such as Alabama, Missouri, Tennessee, Texas, Virginia, Washington, and West Virginia, have been given a large number of new defense plants.

TABLE II.—*Percentage distribution of total value added by manufacture and major defense contracts among the States*

	Value added by manufacture 1939	Percent of United States total	Percent distribution major defense contracts June 1940–May 1941
Continental United States	$24, 710, 565, 000	100. 00	100. 00
Alabama	247, 384, 000	1. 00	1. 50
Arizona	32, 041, 000	. 13	. 03
Arkansas	67, 390, 000	. 27	. 04
California	1, 135, 158, 000	4. 59	11. 87
Colorado	91, 256, 000	. 37	1. 10
Connecticut	692, 187, 000	2. 80	4. 96
Delaware	55, 183, 000	. 22	. 05
District of Columbia	44, 317, 000	. 18	. 05
Florida	118, 016, 000	. 48	. 85
Georgia	283, 616, 000	1. 15	. 75
Idaho	31, 770, 000	. 13	. 01
Illinois	2, 201, 595, 000	8. 91	2. 97
Indiana	970, 212, 000	3. 93	3. 35
Iowa	244, 795, 000	. 99	. 62
Kansas	118, 952, 000	. 48	. 56
Kentucky	187, 400, 000	. 76	. 44
Louisiana	200, 086, 000	. 81	. 31
Maine	152, 423, 000	. 62	1. 65
Maryland	422, 849, 000	1. 71	3. 19
Massachusetts	1, 188, 319, 000	4. 81	6. 15
Michigan	1, 798, 404, 000	7. 28	6. 43
Minnesota	310, 628, 000	1. 26	. 38
Mississippi	73, 462, 000	. 30	. 64
Missouri	587, 962, 000	2. 38	3. 20
Montana	39, 790, 000	. 16	----------------
Nebraska	69, 087, 000	. 28	. 13
Nevada	11, 758, 000	. 05	. 04
New Hampshire	105, 188, 000	. 43	. 12
New Jersey	1, 524, 114, 000	6. 17	12. 34
New Mexico	8, 712, 000	. 04	. 09
New York	3, 341, 895, 000	13. 52	9. 78
North Carolina	545, 952, 000	2. 21	. 77
North Dakota	11, 102, 000	. 04	----------------

TABLE II.—*Percentage distribution of total value added by manufacture and major defense contracts among the States*—Continued

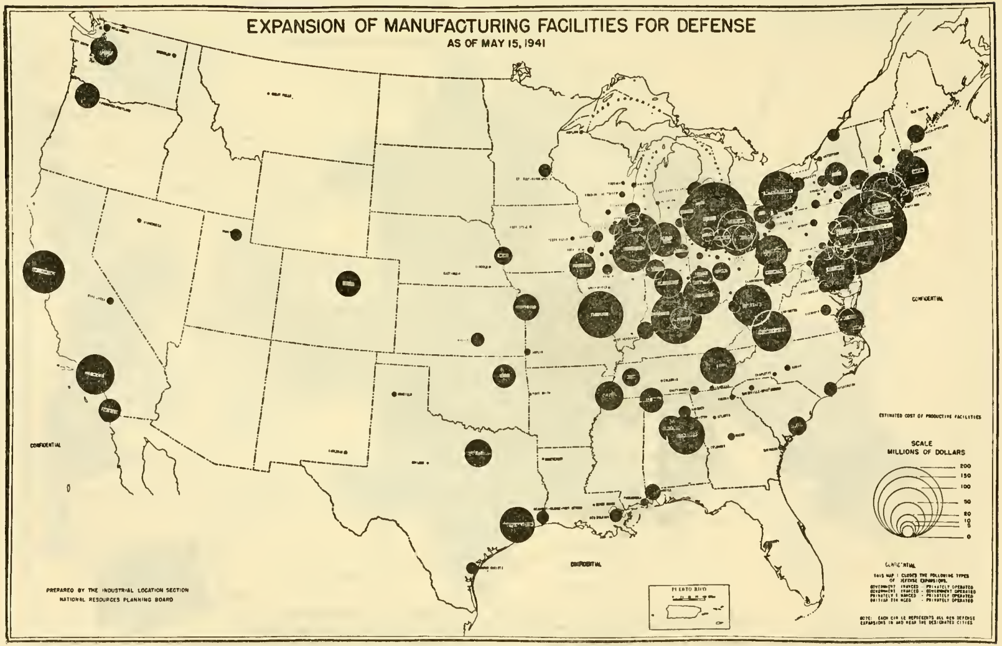
	Value added by manufacture 1939	Percent of United States total	Percent distribution major defense contracts June 1940–May 1941
Continental United States—Continued.			
Ohio	$2,125,474,000	8.60	4.23
Oklahoma	103,118,000	.42	.20
Oregon	172,175,000	.70	.46
Pennsylvania	2,489,129,000	10.07	5.82
Rhode Island	238,289,000	.96	.55
South Carolina	169,847,000	.69	.44
South Dakota	19,955,000	.08	----------
Tennessee	320,342,000	1.30	.67
Texas	453,105,000	1.83	2.37
Utah	43,720,000	.18	.09
Vermont	51,941,000	.21	.03
Virginia	379,488,000	1.54	4.85
Washington	286,647,000	1.16	3.77
West Virginia	214,779,000	.87	.84
Wisconsin	686,605,000	2.78	1.27
Wyoming	15,629,000	.06	.04

TABLE III.—*Geographic distribution of expansion of manufacturing facilities for defense, as of May 15, 1941*

State	Total cost	Percent of United States total	Privately operated	Government operated	Privately financed	British financed
Alabama	$124,959,263	4.2				
Arkansas	108,000	.004				
California	163,402,373	5.5				
Colorado	28,707,000	1.0				
Connecticut	122,335,053	4.1				
Delaware	3,113,595	.1				
District of Columbia	8,670,817	.3				
Florida	2,575,800	.1				
Georgia	4,140,315	.1				
Illinois	177,107,325	5.9				
Indiana	224,296,082	7.5				
Iowa	30,173,000	1.0				
Kansas	7,059,675	.2				
Kentucky	39,038,901	1.3				
Louisiana	6,504,775	.2				
Maine	11,592,000	.4				
Maryland	86,855,390	2.9				
Massachusetts	85,386,004	2.9				
Michigan	218,860,963	7.3				
Minnesota	6,640,297	.2				
New York	239,758,043	8.0				
North Carolina	9,649,000	.3				
Ohio	264,551,874	8.8				
Mississippi	1,936,000	.1	OMITTED AS CONFIDENTIAL			
Missouri	118,653,399	4.0				
Montana	70,000	.002				
Nebraska	14,971,737	.5				
Nevada	401,000	.01				
New Hampshire	11,694,631	.4				
New Jersey	126,822,671	4.2				
New Mexico	427,000	.01				
Oklahoma	23,249,000	.8				
Pennsylvania	265,649,246	8.9				
Rhode Island	10,948,215	.4				
South Carolina	14,981,632	.5				
Tennessee	115,927,829	3.9				
Texas	96,285,058	3.2				
Utah	5,476,650	.2				
Vermont	3,452,650	.1				
Virginia	116,864,643	3.9				
Washington	66,705,023	2.2				
West Virginia	91,141,381	3.0				
Wisconsin	21,902,015	.7				
Break-down by location not available	20,089,000	.7				
United States	2,993,134,223	100.0				

Even these figures, however, are somewhat misleading. Prior to April 1941, plant site proposals made by the Army were approved by the National Defense Advisory Commission. During this period speed was the essential consideration, and plants were located at those sites where production could be gotten under way the most rapidly. Map II and graph I show the State and regional distribution of the projects approved by the Defense Commission. In April, at which time I first became involved in this work, a special Plant Site Board was organized within the Office of Production Management for the specific purpose of encouraging a wider distribution of new defense facilities. As a result of its efforts and the fact that the Army had turned its attention to locating plants in the West and Southwest, the Plant Site Board has been able to secure the location of a larger share of new plants in the Great Plains States and the Southwest than did the National Defense Advisory Commission. Map III and graph II shows that during the first few months that the Plant Site Board has functioned there has been marked relative increase in the number of plants located in the West North Central, West South Central, and the East South Central regions, and a decline in the number of plants awarded to the East North Central, Middle Atlantic, and New England regions.

Although the record of the Plant Site Board is good, I am not entirely pleased with its work. It is regrettable that more defense facilities have not been located in areas in the Old South that have suffered so heavily from the loss of tobacco and cotton export markets. I do feel, however, that a conscientious effort has been made to examine the possibilities of locating industry in areas where labor is immediately available. In this way we have taken a very constructive step toward reducing to a minimum the amount of migration of labor resulting from the defense program.



EXPANSION OF MANUFACTURING FACILITIES FOR DEFENSE

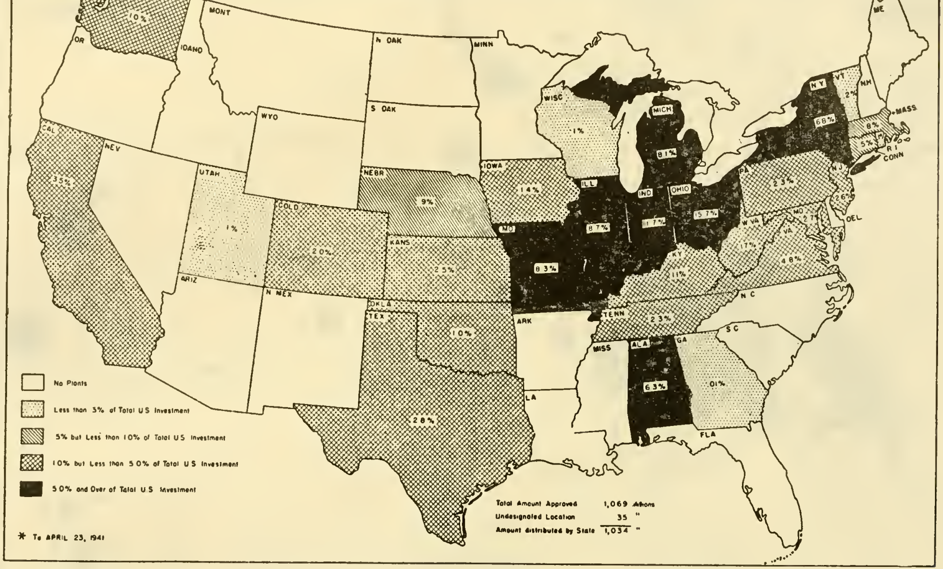
AS OF MAY 15, 1941

ESTIMATED COST OF PRODUCTIVE FACILITIES
SCALE
MILLIONS OF DOLLARS
200
150
100
50
20
10
5
0
CONFIDENTIAL
THIS MAP INCLUDES THE FOLLOWING TYPES OF DEFENSE EXPANSIONS.
GOVERNMENT FINANCED - PRIVATELY OPERATED
GOVERNMENT FINANCED - GOVERNMENT OPERATED
PRIVATELY FINANCED - PRIVATELY OPERATED
BRITISH FINANCED - PRIVATELY OPERATED
NOTE: EACH CIRCLE REPRESENTS ALL NEW DEFENSE EXPANSIONS IN AND NEAR THE DESIGNATED CITIES
PUERTO RICO
CONFIDENTIAL
CONFIDENTIAL
CONFIDENTIAL

PREPARED BY THE INDUSTRIAL LOCATION SECTION
NATIONAL RESOURCES PLANNING BOARD

DEFENSE INDUSTRIAL FACILITIES APPROVED BY THE NATIONAL DEFENSE ADVISORY COMMISSION

PERCENTAGE DISTRIBUTION OF TOTAL U.S INVESTMENT, BY STATES*

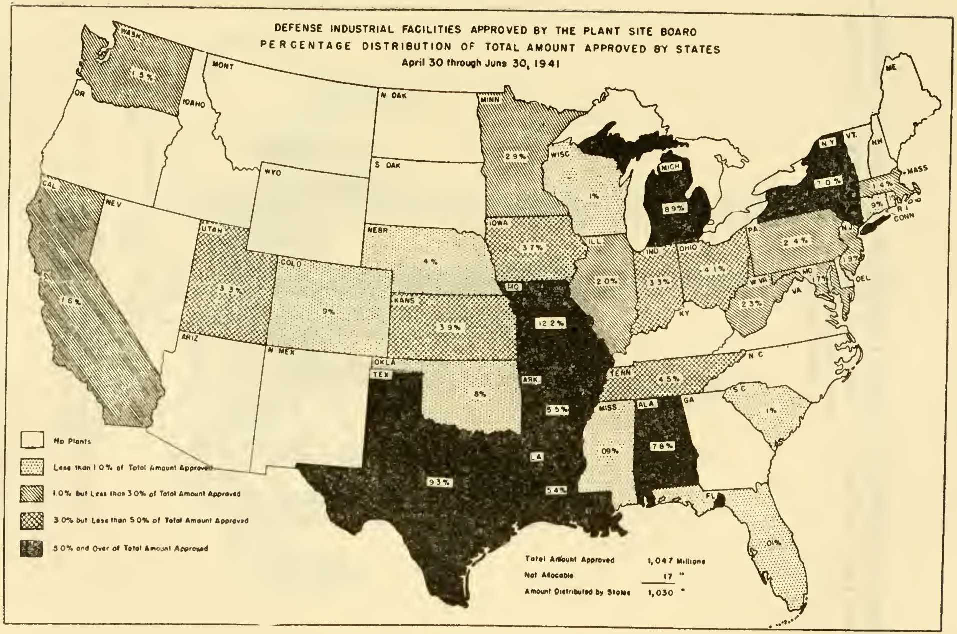

WASH
10%
OR
IDAHO
MONT
N DAK
MINN
S DAK
WYO
CAL
35%
NEV
UTAH
1%
COLO
20%
NEBR
9%
IOWA
14%
KANS
25%
ARIZ
N MEX
OKLA
10%
TEX
28%
MO
83%
ARK
LA
WISC
1%
MICH
81%
ILL
87%
IND
17%
OHIO
157%
KY
11%
TENN
23%
MISS
ALA
63%
GA
01%
FLA
SC
N C
W VA
17%
VA
48%
MD
27%
DEL
PA
23%
N J
26%
N Y
68%
VT
2%
NH
ME
MASS
8%
5%
R I
CONN
No Plants
Less than 3% of Total U S Investment
3% but Less than 10% of Total U S Investment
10% but Less than 50% of Total U S Investment
50% and Over of Total U S Investment

Total Amount Approved 1,069 Millions
Undesignated Location 35 "
Amount distributed by State 1,034 "

* To APRIL 23, 1941

OFFICE OF PRODUCTION MANAGEMENT
BUREAU OF RESEARCH AND STATISTICS

DEFENSE INDUSTRIAL FACILITIES APPROVED BY THE PLANT SITE BOARD
PERCENTAGE DISTRIBUTION OF TOTAL AMOUNT APPROVED BY STATES
April 30 through June 30, 1941

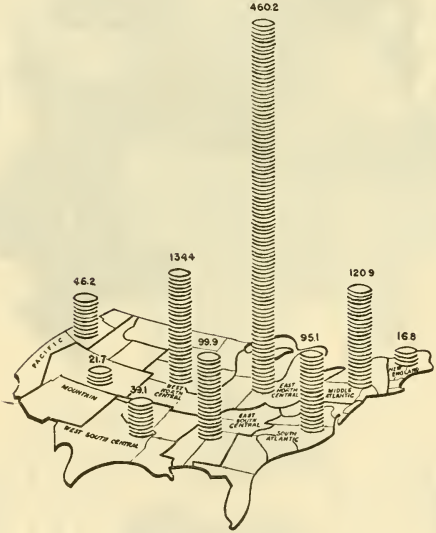

WASH 1.5%
OR
IDAHO
MONT
N DAK
S DAK
WYO
CAL 1.6%
NEV
UTAH 3.3%
COLO 9%
ARIZ
N MEX
NEBR 4%
KANS 3.9%
OKLA 8%
TEX 9.3%
MINN 2.9%
IOWA 3.7%
MO 12.2%
ARK 5.5%
LA 5.4%
WISC 1%
ILL 2.0%
MICH 8.9%
IND 3.3%
OHIO 4.1%
KY
TENN 4.5%
MISS 09%
ALA 7.8%
GA
FL 01%
SC 1%
N C
VA
W VA 2.3%
MD 1.7%
DEL
PA 2.4%
N J 1.9%
N Y 7.0%
VT.
NH
ME
MASS 1.4%
CONN 9%
R I 1%
No Plants
Less than 1.0% of Total Amount Approved
1.0% but Less than 3.0% of Total Amount Approved
3.0% but Less than 5.0% of Total Amount Approved
5.0% and Over of Total Amount Approved

Total Amount Approved	1,047 Millions
Not Allocable	17 "
Amount Distributed by States	1,030 "

OFFICE OF PRODUCTION MANAGEMENT
BUREAU OF RESEARCH AND STATISTICS

REGIONAL DISTRIBUTION OF FEDERAL EXPENDITURES FOR DEFENSE INDUSTRIAL FACILITIES APPROVED BY NATIONAL DEFENSE ADVISORY COMMISSION

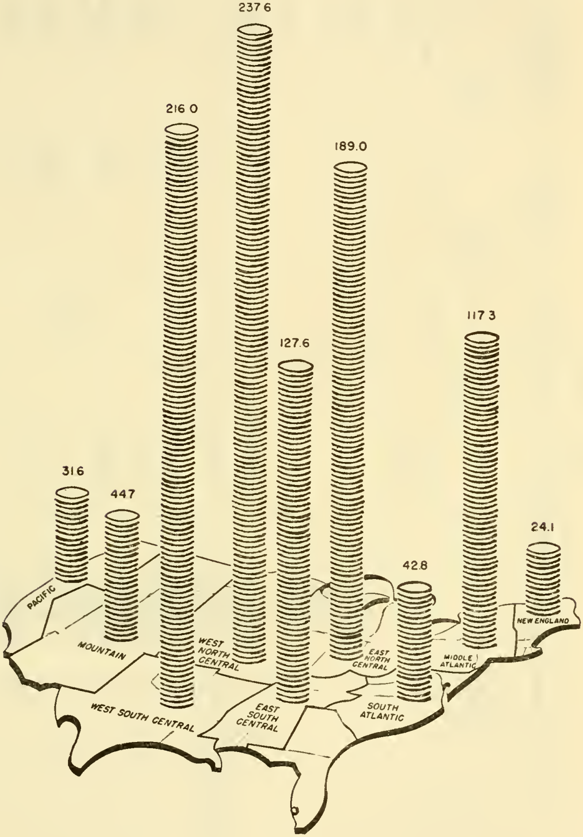
AUGUST, 1940 – APRIL, 1941
BY CENSUS DISTRICTS



EACH COIN REPRESENTS $5,000,000.
FIGURES INDICATE VALUE OF CONTRACTS IN MILLIONS.
TOTAL VALUE OF CONTRACTS - $1,068.9

REGIONAL ALLOCATION OF PLANT SITE BOARD APPROVALS

APRIL 30, 1941 THROUGH JUNE 30, 1941
BY CENSUS DISTRICTS



FIGURES INDICATE VALUE OF APPROVALS IN MILLIONS
TOTAL VALUE OF APPROVALS – $ 1,047.5
AMOUNT DISTRIBUTED BY REGIONS – $ 1,030.5
NOT ALLOCABLE – $ 17.0

TABLE IV.—*Government-financed defense industrial facilities,*[1] *definite commitments (contract awards and letters of intent) of $25,000 and over, number of plants and amount, by State and by type of goods to be produced through May 31, 1941*

TYPE OF PRODUCT

State	Total, all products		Chemicals (including explosives)		Petroleum, coal, and natural gas		Iron and steel products		Ammunition, shells, bombs, etc.		Guns	
	Number of plants	Amount	Number of plants	Amount	Number of plants	Amount	Number of plants	Amount	Number of plants	Amount	Number of plants	Amount
Grand total	397	$2, 290, 851, 390	17	$358, 593, 346	2	$13, 395, 868	29	$135, 659, 833	42	$366, 503, 205	45	$208, 867, 544
Alabama	8	102, 466, 009	2	53, 862, 303					2	18, 583, 515		
Arizona												
Arkansas												
California	25	119, 129, 831							1	136, 350	2	1, 135, 443
Colorado	1	28, 542, 878							1	28, 542, 878		
Connecticut	15	66, 202, 142									2	19, 034, 406
Delaware	2	1, 221, 595							1	267, 905		
District of Columbia	1	8, 440, 114									1	8, 480, 114
Florida	1	2, 255, 800										
Georgia	2	4, 575, 765							1	3, 750, 765		
Idaho												
Illinois	21	151, 276, 631	2	38, 710, 912			3	2, 932, 495	3	36, 812, 649	3	4, 579, 900
Indiana	14	199, 254, 084	1	87, 397, 900					5	61, 913, 577		
Iowa	2	29, 509, 829							1	29, 467, 819	1	42, 000
Kansas	4	14, 396, 768										
Kentucky	3	28, 078, 914	1	14, 610, 775							1	10, 963, 528
Louisiana	2	6, 119, 775					1	125, 000				
Maine	2	5, 940, 000										
Maryland	11	66, 331, 361	2	25, 995, 935			1	760, 000	1	1, 375, 000		
Massachusetts	17	57, 972, 120									3	14, 501, 657
Michigan	38	160, 754, 440	1	2, 068, 755					4	1, 666, 000	8	51, 922, 747
Minnesota	1	5, 393, 297									1	5, 393, 297
Mississippi	1	1, 936, 000										
Missouri	10	120, 705, 189	1	13, 247, 564			1	105, 000	3	90, 515, 298		
Montana	1	1, 740, 000										
Nebraska	2	10, 207, 437							1	483, 875		
Nevada												
New Hampshire	2	11, 464, 630										
New Jersey	31	63, 797, 485					3	9, 627, 779	4	4, 888, 680	2	1, 155, 000
New Mexico												
New York	49	174, 521, 282	1	2, 201, 630			2	3, 000, 000	3	983, 389	8	46, 387, 301
North Carolina	1	7, 632, 000										
North Dakota												

Ohio	37	203, 678, 675	3	18, 377, 881			2	5, 869, 000	1	33, 630, 246	4	26, 283, 131
Oklahoma	1	16, 266, 280										
Oregon	2	8, 738, 690										
Pennsylvania	42	196, 717, 512					12	50, 400, 588	4	3, 739, 343	6	13, 487, 095
Rhode Island	4	8, 070, 237							1	6, 579, 437	1	265, 800
South Carolina	2	13, 319, 632										
South Dakota												
Tennessee	5	57, 811, 346	1	26, 000, 000	1	1, 816, 800	1	450, 000	1	24, 419, 546		
Texas	11	78, 720, 265			1	11, 579, 058	1	12, 000, 000				
Utah	1	2, 668, 200							1	2, 668, 200		
Vermont	2	2, 308, 650										
Virginia	4	117, 087, 658	1	53, 359, 752					1	10, 978, 733		
Washington	9	41, 756, 466					1	35, 000	1	350, 000		
West Virginia	3	75, 982, 020	1	22, 759, 939			1	50, 354, 971			1	2, 867, 110
Wisconsin	5	11, 007, 015							1	4, 750, 000	1	2, 369, 015
Wyoming												
Undesignated	1	4, 003, 378										
Noncontiguous	1	2, 910, 000										

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[1] Excluding $88,517,173 committed for purchase of machine tools by Army, Navy, and Defense Plant Corporation; and $1,658,759 of Reconstruction Finance Corporation authorized loans (contracts) for pilot-training program.

TABLE IV.—*Government-financed defense industrial facilities, definite commitments (contract awards and letters of intent) of $25,000 and over, number of plants and amount, by State and by type of goods to be produced through May 31, 1941*—Continued

TYPE OF PRODUCT

State	Aircraft, aircraft engines, parts, and accessories		Ship construction and repairing		Combat, transportation, and other motorized vehicles		Nonferrous metals		Machinery		Electrical equipment		Miscellaneous manufacturing	
	Number of plants	Amount	Number of plants	Amount	Number of plants	Amount	Number of plants	Amount	Number of plants	Amount	Number of plants	Amount	Number of plants	Amount
Grand total	108	$518, 092, 131	52	$476, 003, 355	6	$23, 719, 749	20	$83, 730, 268	49	$49, 620, 539	8	$18, 413, 676	19	$34, 251, 876
Alabama			2	6, 699, 480			2	23, 520, 711						
Arizona														
Arkansas														
California	10	38, 135, 740	10	70, 972, 298			2	8, 750, 000						
Colorado														
Connecticut	7	35, 508, 069	1	4, 600, 000					3	5, 719, 667			2	1, 340, 000
Delaware			1	953, 690										
District of Columbia														
Florida			1	2, 255, 800										
Georgia			1	825, 000										
Idaho														
Illinois	4	53, 120, 017			1	1, 813, 158	1	10, 000, 000	1	3, 307, 500				
Indiana	4	36, 538, 221			1	300, 000					2	5, 529, 386	1	7, 575, 000
Iowa														
Kansas	4	14, 396, 768												
Kentucky							1	2, 504, 611						
Louisiana			1	5, 994, 775										
Maine			2	5, 940, 000										
Maryland	4	25, 886, 276	1	9, 889, 150			1	640, 000			1	1, 685, 000		
Massachusetts	6	9, 513, 941	2	31, 847, 085					6	2, 109, 437				
Michigan	18	68, 183, 294			1	18, 093, 591	3	1, 614, 313	2	10, 650, 000	1	6, 552, 740		
Minnesota														
Mississippi			1	1, 936, 000										
Missouri	3	15, 702, 327							2	1, 135, 000				
Montana							1	1, 740, 000						
Nebraska	1	9, 723, 562												
Nevada														
New Hampshire	1	165, 055	1	11, 299, 575										
New Jersey	6	8, 230, 210	3	27, 805, 140			1	1, 079, 005	9	9, 090, 263	2	1, 534, 408	1	387, 000
New Mexico														
New York	15	36, 087, 223	3	72, 964, 853			1	135, 000	6	1, 747, 000			10	11, 014, 886
North Carolina			1	7, 632, 000										

North Dakota														
Ohio	11	89,503,878			1	335,000	2	16,194,221	8	7,559,472	1	1,689,142	4	4,236,704
Oklahoma	1	16,266,280												
Oregon			2	8,738,690										
Pennsylvania	8	21,451,988	4	87,126,662	2	3,175,000	1	45,000	4	3,593,550			1	13,698,286
Rhode Island									2	1,225,000				
South Carolina			2	13,319,632										
South Dakota														
Tennessee	1	5,125,000												
Texas	3	26,803,349	4	16,830,441			2	11,507,407						
Utah														
Vermont									2	2,308,650				
Virginia			2	52,749,173										
Washington	1	7,750,933	5	29,420,533			1	4,200,000						
West Virginia														
Wisconsin			1	1,290,000					1	1,175,000	1	1,423,106		
Wyoming														
Undesignated			(2)	2,003,578			1	2,000,000						
Noncontiguous			1	2,910,000										

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[2] Miscellaneous facilities for various navy yards.

INFLEXIBLE DISTRIBUTION IN CERTAIN INDUSTRIES

Our success in encouraging the wide distribution of new defense facilities has been restricted in a large measure to those plants producing ammunition and ammunition components. Table IV shows, however, that in expanding many other highly important defense industries there has been very little decentralization. The expansion of iron and steel facilities or of plants producing armament requiring considerable iron and steel, or even factories turning out aircraft or new naval units, must be located in the few highly restricted areas. It would be possible to take any one industry and discuss with you the technical limitations which have made it impossible to locate plants outside a few restricted areas, but I shall impose on your time only long enough to cite a few examples. Increased facilities for ship construction can be erected so much more rapidly at existing shipyards that new ways are being built almost entirely adjacent to them. In the case of the aircraft industry, quite a different situation exists. Experienced managers and technicians, in this case, are so scarce that in a great many instances expansion was feasible only at parent plants.

The fact remains that a great deal of the industrial expansion under the national-defense program will have to take place within the great industrial areas of the East and Middle West, whether we like to see that happen or not. It is the only way we can secure the increase in production we need so urgently.

It is clear, therefore, that a great many people will be drawn into relatively few defense boom areas located primarily in the Northeastern section of the country. In addition, many workers in these defense areas will find it profitable and necessary to shift occupations. This will be true of many skilled year-around farm workers who will find jobs in local factories. This drift of farm hands into industry in the Northeast presents the Nation with many serious problems. Our national-defense program requires that those workers be replaced. In concluding my remarks, therefore, I would like to discuss the extent of present farm-labor shortages and describe the measures that can be taken to recruit additional workers.

DRAIN OF WORKERS FROM THE FARM

Thus far there has been no shortage of farm labor for the Nation as a whole. According to the July 1 report of the Agricultural Marketing Service, however, the supply of farm workers was only 67 percent of normal and 71 percent of demand. This report states that "this was the smallest supply reported during the 19 years covered by the July record and lower than previously reported for any month since 1918, when this series was first inaugurated." On July 1, 1940, the supply was 88 percent of normal and 102 percent of demand. According to this report, the major reasons given by farmers for this decrease are rapid increases in defense activity, wide differentials between industrial wage rates and the rates which the agricultural price level will permit farmers to pay, and the drafting of able-bodied men for our armed forces.

July 1 employment figures for the Nation show 268,000 fewer workers on farms than a year ago. To meet the impact of the drain of workers from the farm, however, farmers are obliged to employ older men, schoolboys, and women. The decline in employment, then, reflects only a part of the total loss of efficient workers on farms.

Nonagricultural employment and men in military service, according to the latest information, increased by 4.3 millions between May 1940 and May 1941. Agriculture has not only sacrificed thousands of its more skilled workers, but in addition, there were 182,000 fewer persons employed on farms for the same period.

Since May, agriculture has reached its peak in this year's seasonal demand for labor, and 1,010,000 additional workers have been employed. Approximately one-third of these came from the farmers' family and two-thirds were hired. The increase in agricultural employment was met in part by the payment of the highest wage rates paid on farms since 1930. The index of farm wage rates now stands at 160 percent of the 1910–14 average, as compared with 129 percent a year ago.

The severity of the problem appears less important when figures for the Nation are studied, than when the problem is observed within geographic divisions and particular farming areas. It will be observed (table V) that in May 1941, only one geographic division, the Mountain States, showed an increase in employment. This occurred in the area least affected by increases in nonagricultural employment. Decreases in agricultural employment in the New England, Middle Atlantic, and the East North Central States are particularly associated with increases in nonagricultural employment. In the Southern States this factor was of lesser importance, with the possible exception of parts of the South Atlantic States.

Between July 1940, and July 1941, three geographic divisions showed increased agricultural employment. Farming activities now are at their peak in the New England, Middle Atlantic, and East North Central States. In New England, an increase of 14,000 farm workers was reported over the previous year. Eight thousand of these were added from the farmers' own families and 6,000 represented hired labor increases. Contributing to this increase was the employment of school boys and men above the draft age, and the payment of wages between $63 and $79 per month and between $2.85 and $3.55 per day (without board in each case).

TABLE V.—*Changes in number of persons employed in agricultural and nonagricultural pursuits, 1940–41*

Geographic division	Nonagricultural—May 1940 to May 1941 [1]	Agricultural	
		May 1940 to May 1941	July 1940 to July 1941
	1,000	*1,000*	*1,000*
New England	+422	−5	+14
Middle Atlantic	+689	−14	−17
East North Central	+933	−25	−6
West North Central	+175	−12	+53
South Atlantic	+486	−66	−187
East South Central	+136	−56	−100
West South Central	+150	−35	−26
Mountain	+42	+36	−6
Pacific	+255	−5	+7
Total	+3, 115	−182	−268

[1] Excludes an increase of 1,198,000 in the military and naval forces.

Source: Bureau of Labor Statistics, U. S. Department of Labor, and Agricultural Marketing Service, U. S. Department of Agriculture.

In West North Central States nonagricultural employment is not so important, and an increase of 53,000 workers occurred over last year. The Pacific Coast States has been able to call upon their reserve labor force, and an increase of 7,000 occurred over last year.

Decreases in employment are particularly noticeable in the Southern, Middle Atlantic, and East North Central States. In the South, the decrease in acres devoted to cotton, the drought and laying-by of the crops are more important factors. In the Middle Atlantic States and the East North Central States, however, the situation is now in its more critical stages. Labor requirements are now at their peak in these areas of intense industrial activities. Moreover, these two areas are important producers of vital agricultural defense commodities in which production increases are absolutely necessary.

FARM AREAS AFFECTED BY LABOR WITHDRAWALS

The Bureau of Agricultural Economics reports that large numbers of the more skilled and reliable regular farm workers have been lost to industry and the military forces. Every major agricultural area has been so affected. As a result, farmers have been forced to employ less efficient men and usually at higher wage rates. The areas most adversely affected in this respect are areas surrounding industrial centers and Army cantonments and the dairy, poultry, vegetable and canning sections of the East North Central, Middle Atlantic, and New England States.

Shortages of workers expected earlier this year have been met in part by an increase in the number of family workers and in part by a decline in production of certain crops due to weather conditions. It had been anticipated that critical shortages of workers would occur in some areas. One of these areas was the

Atlantic seaboard truck farming area. This expectation was based upon the heavy drain of workers to defense employment and to employment indirectly stimulated by the defense program, plus the unknown effect of these factors upon the usual flow of migrant workers. The flow of migrant workers was reduced and it is now believed that the anticipated shortage would have occurred except for the drought conditions which affected most of this area. Another area in which shortages were expected was the dairy and poultry areas of the North Central, New England, and Middle Atlantic States. In the North Central States production was maintained in spite of a reduction of 52,000 farm workers in June 1941, compared with June 1940, and a 6,000 reduction between July 1940, and July 1941. Employment in the New England,[1] Middle Atlantic,[2] and South Atlantic[3] States totaled 58,000 less on June 1, 1941, than a year earlier, and 9,000 less between the July 1940, and July 1941 period.

Adequate supplies of farm labor appear to exist in the Southern Appalachians of Virginia, West Virginia, Kentucky, North Carolina, and Tenneseee, and in the cotton and tobacco areas of the Southeastern States. A surplus appears to exist in Montana and Wyoming and in the upper Great Lakes States. No immediate shortages are apparent in the Great Plains States except in parts of Kansas and certain localized areas and for farm help with mechanical ability.

During the coming months, and in particular during 1942, agriculture will experience increasing difficulties in securing adequate labor unless proper measures are taken because non-agricultural employment will continue to increase. First of all, farmers will find it necessary to rely upon less experienced and less qualified workers. Higher wage rates are now being paid in all localities than in recent years. Farmers may find it necessary to pay increasingly higher rates of pay to more nearly compete with industry. Family workers will contribute a larger proportion of the total working force to offset, in part, the total wage expense and, in part, because less qualified help is now available. The flow of habitual migratory farm works will undoubtedly decline. This factor, alone, will be sufficient to make the problem acute at seasonal operations. The existing shortage of dependable regular hired men will become so acute that farmers may be prone to curtail or eliminate certain operations to avoid losses due to labor shortages or inefficiencies. The short-cutting of farm practices at high wage rates may become profitable to individual farmers, but it should be discouraged if it will affect production of vital commodities. If a farmer should be faced with this problem, he should give preference to those crops designated as vital to the defense program. Curtailing of operations should be limited to less essential crops.

IMPENDING SHORTAGES OF FARM LABOR

In spite of increased wages, serious shortages of farm labor will develop in many sections of the country during the next 2 years. These shortages will develop in areas where we cannot tolerate decreases in production because of the necessity of maintaining the Nation's output of certain vital food commodities. Constructive steps must be taken soon, therefore, to meet these shortages. Thus far we have limited our effort to securing temporary deferment for young selectees who are needed on the farm, and to increasing the effectiveness of the farm placement service in recruiting workers. These efforts have by no means solved the problem, and additional steps must be taken soon.

We have all been aware of the growing farm labor problem and its probable effect upon agriculture's part in the defense program. Considerable efforts are continually being made by the various agencies concerned to assist with the problem. Unfortunately we cannot look to increased use of machinery for solution of much of the problem. Particularly is this true in the production of such vital commodities as fruits, vegetables, poultry, and eggs. Moreover, it now appears that production of farm machinery will be curtailed. The problem tends now to become one of securing an adequate supply of manpower of sufficient experience.

Many feel that workers should be required to leave the Work Projects Administration and accept jobs on farms. This is practicable to a very small percent. I am inclined personally to believe that alleviation of the problem from this source has been greatly overemphasized. Nevertheless, no stones should be left unturned and efforts should be continued to transfer systematically as many of these people as possible to private employment. It seems to me that farmers must look forward to finding workers in the more youthful and the older age groups. Many such individuals, however, are untrained for agricultural work and prove to be a liability to the farmer in many cases. It is becoming clear, therefore, that the Federal Government must shortly undertake some program aimed at training workers for specialized farm jobs. In addition, farmers can solve many of their own problems through exchanges in the use of the available labor force within their communities. Almost constant contact can be maintained between farmers within communities. Community committee representatives in hundreds of counties included in the land use planning program will render valuable service by maintaining ties between communities.

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[1] Includes Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut.

[2] Includes New York, New Jersey, and Pennsylvania.

[3] Includes Delaware, Maryland, Virginia, West Virginia, North Carolina, South Carolina, Georgia, and Florida.

The loss of excellent farm workers and the recruiting and training of new workers for farm work will cause serious postemergency employment problems. It is quite likely that after the present emergency is over we will once again be faced with a back-to-land movement, and large surpluses of migrant farm workers. Nevertheless our course is clear. We must not hesitate to mobilize the resources of the Nation in meeting the present emergency. At the same time, however, a new effort should be made to plan systematically to meet complex and difficult postemergency problems.

TESTIMONY OF M. CLIFFORD TOWNSEND—Resumed

Mr. ARNOLD. In addition to your statement, I would like to ask some questions and one of them is what the present work of the Plant Site Committee of the Office of Production Management is.

Mr. TOWNSEND. Well, it is the duty of the Plant Site Committee to accept or reject the sites that are presented to them by the various defense bodies—the Army, the Navy, the Air Corps. Its work seems to be pretty well completed at the present time.

There is pending now what is known as one unit of a powder plant—bag-loading and shell-loading plant. Then week by week there comes before that Board additions and expansions to both privately owned and Government owned plants. All plant sites come before the Board whether they are for Government or private plants, in which the Government is investing money or loaning money.

Mr. ARNOLD. Then the Plant Site Committee exercises absolute veto powers over plant sites?

Mr. TOWNSEND. Yes, sir; that is their power. They do not initiate sites. I want to make that plain. They do not initiate sites. They are simply an approving board. The Plant Site Committee, of course, has to have some standard or program to which they turn when they review these sites.

They are interested, as I understand you are interested, in workers and the welfare of the workers—not only the welfare of the workers at this time but the welfare of the workers after this defense effort has been concluded.

Mr. ARNOLD. And you are connected with it to the extent of exercising the veto power?

Mr. TOWNSEN. Yes.

Mr. ARNOLD. Who makes the actual choice of sites—the Army and the Navy and Air Corps?

Mr. TOWNSEND. That is right. And in the case of an individual who is establishing a defense industry, he selects it.

Mr. ARNOLD. But the Plant Site Committee approves his selection?

Mr. TOWNSEND. That is right. Private manufacturers make their requests and furnish our board with the reasons why their choices should be approved.

DECENTRALIZATION OF NEW PLANT FOR DEFENSE

Mr. ARNOLD. Has the Plant Site Committee accelerated the rate of decentralization of new plant expansion since its appointment?

Mr. TOWNSEND. Yes; I think we have very, very materially. I am submitting here for your study some charts showing the location of plants in the point of dollars approved by the Defense Commission prior to the organization of the Plant Site Committtee.[1] The majority of these plants are in Northeastern States.

The Plant Site Committee came into being in April. Before that they went to the Defense Commission for approval. Since the Plant Site Committee has come into being, you will see by the second chart that defense activity is much better distributed, geographically, and has moved to the West and the Southwest and Northwest a great deal more than it had before. I think it is well for you to see the picture.

The first contracts let for this effort were let to those industries already established, and 71 percent of all the industries in the United States, from the point of view of value, were located in 10 States and those 10 States received 72 percent of the contracts, which was practically in proportion to the money invested in the industries.

The Defense Council and the Army and Navy were confronted with the element of time, and it has since been proven that time was the crucial consideration. It appears that most of the new industries that were established then were established close to larger centers of unemployed, managerial ability, and tools.

The Plant Site Committee has been fortunate in being allowed to deliberate a little more carefully—time may not have been quite such an element—and they have deliberated carefully and have had the cooperation of the Army and Navy, I must admit, in giving more thought to the economics of the country after the present defense effort. So, it has been a little easier for the Plant Site Committee to distribute these plans in, I believe, a better way.

Mr. CURTIS. Would you yield to me for one question?

Mr. ARNOLD. Go ahead.

PROCEDURE FOR COMMUNITY SEEKING PLANT

Mr. CURTIS. Mr. Townsend, assuming that there is a certain type of community that is needed for the location of some sort of defense effort, and one of these communities is able to offer evidence that they can take care of the situation—that they can provide decent housing facilities, say for 4,000 people, and that those houses are so located in their area that the children of those homes can be taken care of in existing school facilities—to whom should that data go? To your Plant Site Committee or to the Army and Navy officials? Do they pay any attention to such matters, or are they just charged with the pure military technicalities of it?

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[1] See pp. 6554 and 6555.

Mr. Townsend. Well, of course, their first obligation would naturally be to consider the physical features—the proximity to the place where the product is needed, the availability of materials, transportation, and labor. I wouldn't want to say that they don't think about the other, but they are probably not quite so obligated to think about the welfare end of it. The Plant Site Board does go into the other side very thoroughly and I think if data were to be submitted by such a committee it should be submitted both to the Army and Navy and to the Plant Site Board.

Mr. Curtis. Thank you.

Mr. Arnold. Could you tell the committee how many requests for approval of sites by the Army and Navy and Air Corps have been rejected by the Plant Site Committee after their deliberations? Could you give us an approximate number of requests that have been rejected?

Mr. Townsend. Very few. I couldn't give you the number; no, sir; but very few.

COOPERATION WITH ARMY AND NAVY

Mr. Arnold. Well, is there satisfactory cooperation between those branches?

Mr. Townsend. There is pretty good cooperation. That is probably the reason that there are so few rejections. They come in with their preliminary studies and let the Plant Site Board study them somewhat, and if some reason why that site ought not be approved is presented, they begin to think of some other place. That is why there haven't been many rejections.

Mr. Arnold. Your paper indicates that decentralization has been achieved in new ammunition plants. Why is it that decentralization could be achieved in that industry and not in other new plants?

Mr. Townsend. Well, I believe to give you an example would be easier.

RAW MATERIAL FACTOR IN PLANT LOCATION

The location of a bomber engine plant at Ypsilanti, Mich., was not a good location from the standpoint of distributing its products to the aircraft industry, but the engines of the United States are generally made at the meeting point of steel and coal, and that was a natural meeting point.

This company appeared to be the only one that was in a position to take this large contract—this unusually big obligation—and they said, and I think rightly, that they were limited in their mechanically trained supervisors and executives to the point that they couldn't take this obligation unless the new plant were located near their present plants. Of course, too, I think the Army thought that by slowing up the business of making automobiles there would probably be a sufficient number of laborers available there to be transferred into the new plant, so it was doubtful whether it would have been wise to have located that plant at any other place.

The Board would liked to have put that into some other part of the country where probably there was more available labor, but it didn't seem practical to do it. There are limiting factors. Your powder plans just must go—especially smokeless-powder plants—

where there is great volume of water. It takes almost an unbelievable amount of water to make smokeless powder.

One of the engineers told us that if all the smokeless-powder plants being constructed in the United States were put at one spot on the Mississippi River there would not be enough water to operate them.

Mr. ARNOLD. Of course, it is evident why shipyards and steel plants, and so forth——

TRANSPORTATION, LABOR SUPPLY AS FACTORS

Mr. TOWNSEND. Shipyards must be where there is water and most shipyards are expanding their present facilities.

Mr. ARNOLD. Because it is easier and quicker and cheaper to construct new ways within a yard than it is to start a new yard?

Mr. TOWNSEND. That is right. Of course, personally, I have been interested in the relation of rural and urban labor. My obligation is largely agricultural and I have had fine cooperation in trying to keep from putting these plants into that portion of the United States where specially trained farm labor is needed at a time when we are asking for an increase in agricultural production.

That is especially true in dairy and pork- and egg-producing regions. We have not been able to do the job as well as we would like, but that has been considered.

We find now that shortages in farm labor are beginning to develop, especially in those areas.

Mr. ARNOLD. Was the Plant Site Committee consulted in the location of the new steel plants or the new aluminum plants to be built?

Mr. TOWNSEND. Yes, sir.

Mr. ARNOLD. In both cases?

Mr. TOWNSEND. Yes, sir; the deciding factor in both cases—and the whole reason in aluminum plants—is electric power.

Mr. ARNOLD. And you are consulted with respect to all plants where the Government contributes toward the building of them?

Mr. TOWNSEND. Yes.

Mr. ARNOLD. This morning Mr. Gill stated that unemployment during the fiscal year 1942 will probably average 5½ millions. He said the W. P. A. would be able to take care of only 1,000,000. What is the Plant Site Committee doing to facilitate the reemployment of the remaining 4½ million—I mean by the distribution of plants?

Mr. TOWNSEND. Well, a lot of this unemployment is in some of the Southern and Southwestern States and some plants are being put in there. The Plant Site Board is trying to encourage that and I think the Army is trying to place as many in those areas as it can.

They have had housing problems when they get into those areas, especially with a plant that employs 6,000 or 8,000 people. Under those conditions you have to develop schools and housing and sanitation and water and all the other utilities.

They are of the opinion that, even with good roads, about 20 miles is as far as workers should commute, and that is especially true when you get into large plants. Road congestion occurs and it takes the employees away from their homes for a good long time, so they figure 20 miles is the limit. Some plants, however. are being located in those areas.

Mr. ARNOLD. Of course, in mined-out areas you have the labor and the housing already there for a good number of people?

Mr. TOWNSEND. Yes; more so in a mining region than you would find in a marginal farming region.

MALDISTRIBUTION OF FARM LABOR

Mr. ARNOLD. This next question has to do with the agricultural situation. Your figures don't agree with those of Mr. Gill and Chester Davis. Chester Davis, testifying before this committee last December, stated there were 5,000,000 workers in rural areas in 1940 who were unemployed or underemployed in August, and who thus constituted a farm-labor surplus. That was last December. You state in your paper that there may be a serious farm-labor shortage in some sections of the country. In view of Mr. Davis' estimate how do you account for this?

Mr. TOWNSEND. I would readily agree with Mr. Davis that there is no shortage in farm labor if you had the labor where the work is. The shortage is developing in the dairy sections and in the Corn Belt largely, and the surplus of farm labor is in the Southern and Southwestern States. Then, of course, Mr. Davis included poorly employed or, as he called them, underemployed, in his figures, with which I agree. That is all right; they are employed but very poorly employed. It should be noted, furthermore, that the great majority of the 5,000,000 are underemployed, rather than unemployed. Now it is quite difficult to pull certain groups of underemployed rural families into industry.

There has been an increase in defense employment by more than 3,000,000 but agricultural employment is down now to about 265,000 less people employed in agriculture than there were a year ago.

Mr. OSMERS. Is that due to governmental restrictions on agriculture?

Mr. TOWNSEND. No.

Mr. OSMERS. Curtailment of crops and because of mechanization?

Mr. TOWNSEND. No. That is due to the boys going to the Army and going into defense industries where the wage differential attracts them.

Mr. OSMERS. You use the figure "265.000." What is the total figure in agriculture?

Mr. TOWNSEND. It is something in excess of 11,500,000, according to the July estimate.

APPRAISAL OF WORK OF PLANT SITE COMMITTEE

Mr. OSMERS. Do you consider that the work of the Plant Site Committee, Governor, has been a success?

Mr. TOWNSEND. Yes; I think it has been beneficial.

Mr. OSMERS. We have had so much evidence submitted to the committee that the location of a great many of these defense industries has upset the entire economy of communities—counties and large parts of States—because there weren't facilities at the sites that have been selected.

Now, I want to make clear first, before we get into the questions on the subject, that I realize that certain plants, we will say an aluminum plant that must have power, must be built where the power is and not some place else, and we know that you can't put a powder plant in the middle of a large city. We wouldn't want it there. But I would like to make this comparison: Before the United States Army moves men into a cantonment that cantonment must have sanitary facilities, housing, pure water, sleeping quarters, recreation quarters, and so on. Do you feel that the Government is as careful of the health and welfare of its civilians as it is of its armed forces?

Mr. TOWNSEND. No; I am afraid not.

Mr. OSMERS. Don't you feel that we should devote as much attention to that as we devote to the military side of it?

Mr. TOWNSEND. I think we should be just as much concerned, yes, sir; but you can realize that the problems are greater because in the latter case you are dealing with free citizens—they are allowed to live wherever they care to.

Mr. OSMERS. They are allowed to live where they care to but they have got to live wherever they are. They can do as they please but if they are going to work on a certain project, any hypothetical one you might mention, they have got to live there.

Now, I don't think, just as a citizen, that it is fair to make these thousands of American citizens move into these areas where there is is no place for them to live and no place for their children to be educated; where their health is endangered. Frankly, it is my personal opinion that we have done a very poor job throughout.

Mr. TOWNSEND. Well, beyond initial consideration in selecting sites, that has not been particularly an obligation of our Board.

FACTORS CONSIDERED BY PLANT-SITE COMMITTEE

Mr. OSMERS. What are the factors—we will put it this way to get to the work of your Board—what are the factors that your Board considers when a proposal comes from anywhere—from a manufacturer or from a branch of Government, to locate a plant in any part of the country?

Mr. TOWNSEND. One of the first things our Board wants to know is, Is there labor available in that area? and we consider that within a 20-mile radius. That is first. Secondly, If labor is available, is there housing available for them? That is also considered by our Board.

You have other limiting factors, like I said about a powder plant, it must have a great volume of water; it must have certain elevation; it must be above flood areas; they like to have two railroads running through them—one each way so that they can have a choice in case something happens to a railroad; they must get their materials out by the other road; so occasionally it is just almost necessary to locate an industry where there isn't sufficient housing.

There may be in that part of the country a large surplus of unemployed, and you would like to employ them and you must locate there, but there may be an inadequate housing situation. Thus, a plant is sometimes located in an area that lacks adequate housing. Then that becomes somebody else's problem. We figure it is the obligation of some other unit of the Government to see that they are taken care of.

Mr. OSMERS. If those factors have been considered in the location of our plant sites, why is it that we have this apparent dislocation of workers and lack of housing and other public facilities in places where they have gone? I mean we have had so many examples of it before this committee that it would be just repetitious to go into all of the places where conditions are very bad.

Mr. TOWNSEND. Well, it is clear that it would be impossible to locate all of these industries, taking into consideration their peculiar requirements, where there is sufficient housing and unemployed.

Mr. OSMERS. Well, of course, my answer to that would be that before the site was selected, and they built the plant, that the United States Housing Authority should come in and make provision for it. That would be my answer to that quickly.

Mr. TOWNSEND. I will agree with you.

Mr. OSMERS. And if there was a school shortage, you would have the Office of Education in there to make some provision for that; and if it were determined that they weren't going to have proper facilities, you just wouldn't locate the plant there.

Mr. TOWNSEND. That is right.

YARDSTICK FOR LABOR SUPPLY

Mr. OSMERS. Now, Congressman Arnold touched briefly on the question of agricultural employment. How do you determine when there is a shortage of labor?

Mr. TOWNSEND. Well, a bureau of the Department of Agriculture keeps a statistical record—they have certain farmers in localities who furnish them with that information.

Mr. OSMERS. How accurate is that service?

Mr. TOWNSEND. It is only comparatively accurate. It is not absolutely accurate. It only secures the opinion of those farmers. It would be impossible to make a detailed survey. My Office, the Office of Defense Relationship, has a State and Federal service made up of workers already in the Department of Agriculture and not new employees, headed by the chairman of the Agricultural Conservation Program Committee in each county and each State, and we are beginning now to get from them reports on the farm-labor situation. We will get it continuously from now on.

I am of the opinion, from what information I have now, that it will be acute this year only for seasonal workers—like picking tomatoes and picking fruit. There is also going to be a shortage that will be severe in the dairy industry, because that requires highly skilled labor. A dairy manager is a highly skilled individual. We have reason to believe that in 1942 that shortage is going to be even more serious.

Mr. OSMERS. Well, these reports which have emanated from the Agricultural Marketing Service have, as I presume you know, caused some needless and injurious migration.

In other words there has been given publicity to the fact that there is a shortage of labor in a certain area and naturally, if you or I were out of a job, the first thing we would do would be to get in our car and run to that area and if we got to the area found out that the reported shortage did not exist, we would become an economic and social problem and a bother to ourselves.

There are several criticisms of that Marketing Service that has come to my attention and to the attention of the committee. I would like you to pass your judgment on it. I am going to read some of them. Their sample is very small. Only 22,000 of the reporters queried, and of these about only 5,000 answered the question.

Do you think any reliable estimates can be made on the basis of such a small sample?

Mr. TOWNSEND. Well, I think it is better than no report at all. Of course it really couldn't be accurate but sometimes a straw vote is indicative. The Agricultural Marketing Service reports refer to the supply of labor as a percentage of normal and in comparison with earlier periods. I feel sure that their employment reports are secured from less than half of all of the reporters since only about 25 percent of our farmers hire laborers during certain seasons, while approximately half of the farmers never hire labor.

UNPREDICTABLES IN FARM LABOR NEED

Mr. OSMERS. It is very hard, is it not, Governor, to estimate an agricultural labor shortage, particularly in the harvesting of crops, and that is when it is always acute, until after the shortage has developed and you have tried to hire men? In other words, the harvesting may start tomorrow and you may not have a man on the place today, but in the morning they will arrive in truckloads and you wouldn't know until tomorrow noon whether there is going to be a shortage?

Mr. TOWNSEND. That is right.

Mr. OSMERS. Now, the Marketing Service has no base year by which to compare its reports from year to year, and there is no way of knowing what the reports of one month or one year mean, when compared with previous years. Now, in view of that what significance can we place on these figures?

Mr. TOWNSEND. Well, they compare this year with last year. That helps some.

Mr. OSMERS. They do compare one year with the previous year?

Mr. TOWNSEND. Yes. They gave me the fact that the supply was 71 percent of the demand this year, and 102 percent of the demand last year. That was a comparative figure.

I am not at all acquainted with the Marketing Service's methods. I have had nothing to do with it. I got a little information from them for this study and that is about all I know about them. They gave me the comparison of the 2 years and I thought that was helpful, but I will admit it looked like a big variation. I am not so sure, however, that a base period would be helpful. Other factors might easily outweigh the apparent desirability of a base period. Some such factors would be mechanization, the changing relationship of acres and yields of particular crops to total acres and total production, differences in labor requirements, shifts of crop acres from areas of high labor requirement areas to low labor requirement areas, and so on. In the end, it is conceivable that a base period might be less desirable than the farmer's opinion, which is compared with his needs over a period of years.

Mr. OSMERS. Well, from an economic standpoint, it is to the interest of the farm employer to create a labor surplus, isn't it? And isn't it likely therefore, that some of them would color their reports, in order to produce that surplus and thereby lower the cost of their labor?

Mr. TOWNSEND. That is possible; yes, sir.

Mr. OSMERS. Would you say that we need, particularly with reference to farm labor, some new and wider method of reports?

Mr. TOWNSEND. It could be very helpful, and especially in a time like this or in a time of depression—in any abnormal time—both to the worker and to the employer.

Mr. OSMERS. There are so many of these workers who migrate. I am thinking of the situation in the State of New Jersey. The committee examined it last year. Technically, at the moment we are probably 3,000 short on potato diggers, but they are not going to dig potatoes for probably another month.

Now, these people have normally come up from the South every summer and have done the potato harvesting and have gone back. Now, we won't know and haven't any way of knowing whether they are all going to arrive this year or not.

Mr. TOWNSEND. And probably no system could be devised that would give you that information.

Mr. OSMERS. Do you think that an extension of the United States Employment Service and its component State services would help?

DIVISION OF LABOR UNIT STUDYING MIGRATION

Mr. TOWNSEND. State employment services plus Federal direction within and between States would be helpful.

Now, I have a labor unit in my Office of Agricultural Defense Relations—of course, I have only one or two men in it—but I am going to use that. I have been with them, and they have given me quite a little information as to how they operate, and I think they are going to be quite helpful in getting special migratory labor.

They are not going to help much with the single farm hand; they are going to work on migratory labor, and I think they are going to be very helpful. We are going to depend on the committees, of which the chairmen of the A. C. P. committees are the chairmen of the county committees, to get us information as to where the labor is needed, and then we will transmit that request to the farm placement division of the employment service, and they will try to get the labor brought in there.

The labor will have to come, of course, from these areas where there is still some surplus farm labor.

Mr. OSMERS. Farm labor is so important in computing the cost of living that we should try to regulate it and adjust it in some way so there will be even employment and steady income, because we are starting in that fatal spiral now, and any sharp upset in the farm-labor situation will only accentuate it.

Mr. Townsend. Well, it is going to be a great problem, the greatest we have ever experienced.

Mr. Osmers. It has been suggested that agricultural employers' views on farm labor reflect directly what they hear about industrial employment and not what the actual situation is. If this is true, the reports of the Agricultural Marketing Service would bear no relationship to the actual labor situation.

That is all I have, Mr. Chairman.

Mr. Arnold. I have one more question.

FEDERAL PLANT PLACEMENT WIDER THAN PRIVATE

How does the centralization of Government-financed plants compare with the centralization of privately financed expansion of facilities? Is there any more decentralization of those plants that you finance for private industry than there is of those they build themselves?

Mr. Townsend. The decentralization has been much better with Government-financed plants than with private plants.

Mr. Arnold. I mean those built for private industry?

Mr. Townsend. Yes; I think so. The Government naturally would have a little more freedom.

Mr. Arnold. But you consult private industry as to where they think the best location is for the plant you are building for them?

Mr. Townsend. Oh, they come to us for approval of the plant site. They have already decided where they want to locate their plants, but so many of their projects have been expansions of present plants. You see, private industry has built very few entirely new plants. It has been largely expansion of their existing plants.

Mr. Arnold. And those financed by the Government are practically all new enterprises, and consequently the Government has a better opportunity to select their site?

Mr. Townsend. That is correct.

Mr. Arnold. That is all.

POST-DEFENSE OUTLOOK AS FACTOR

The Chairman. Governor, I just have one question to ask you: In arriving at a determination for the location of one of these defense plants, does your commission take under consideration the fact, for example, we had 5,000,000 agricultural workers unemployed last year? Do you take into consideration the fact that after this emergency is over, with millions of people going from their old States to States where they get better positions in these defense projects, any plant that is decentralized and set out where there is an excessive labor supply is going to have a very decided effect on the migration between States after this emergency is over?

Mr. Townsend. Oh, yes. Probably one of the first things we think about is in that connection, but here is your problem.

You take a powder plant and you put it out in Arkansas or West Virginia in the coal region, or in southern Illinois, where there are a great many unemployed people. You put the plant there. The workers are there, and they need the work, and they are glad to work, but when the effort is over and the powder plant is closed, we may be faced by a serious situation. But we believe it is better to do that than to have those workers go into some great center and make their money and spend it there and after it is over go back to that community.

If they live there even for 3 or 4 years and work and earn the money, a part of that money will still remain in the community if they don't keep it themselves, and the economic situation will be better than if they went away and then came back.

Our policy is to try, so far as possible, to take the work to the worker rather than to take the worker to the work.

The CHAIRMAN. I was wondering if you considered that a factor.

Mr. TOWNSEND. I would say that is our first consideration.

The CHAIRMAN. I think the figure is now that about 2,000,000 have left their home States and migrated to other States.

Mr. TOWNSEND. Yes.

The CHAIRMAN. And it will probably run up to three or four million before this is through—nobody knows—and when this emergency is over and the defense projects close down, there is going to be a whirlpool of migration unless we can keep as many as possible at home.

Mr. TOWNSEND. There is bound to be a back-to-the-land movement for them. It is going to be, undoubtedly, a serious economic problem.

Mr. ARNOLD. Is it your opinion, Governor, that if a powder plant, employing, say, from three to six thousand people, were placed in a community that has no surplus labor to speak of, would that community be worse off after this emergency is over than if it had not been located there in the first place?

Mr. TOWNSEND. Such a plant might be definitely a liability; yes, sir; definitely a liability. They located a shell-loading plant in my State. I knew nothing about it. I was Governor at the time. If I had known about it I would have certainly done everything I could to have kept it from being located there. There was not a great deal of unemployed labor there, and it is going to be a definite headache for the State of Indiana after it is over. The hope of such communities, however, is to develop peacetime industries after the emergency.

The CHAIRMAN. Well, thank you very much, Governor. You have been very helpful to us and very kind to us, and we appreciate your being here.

We will adjourn until tomorrow morning at 10 o'clock.

(Whereupon, at 1 p. m., the committee adjourned until 10 a. m., Thursday, July 17, 1941.)

NATIONAL DEFENSE MIGRATION

THURSDAY, JULY 17, 1941

House of Representatives,
Select Committee Investigating
National Defense Migration,
Washington, D. C.

The committee met at 10 a. m., pursuant to notice, Hon. John H. Tolan (chairman) presiding.

Present were Representatives John H. Tolan (chairman), of California; Laurence F. Arnold, of Illinois; Carl T. Curtis, of Nebraska; and Frank C. Osmers, Jr., of New Jersey.

Also present were Robert K. Lamb, staff director; Mary Dublin, coordinator of hearings; Creekmore Fath, acting counsel; F. Palmer Weber, economist; and John W. Abbott, chief field investigator.

The Chairman. The committee will come to order.

Our first witness is Mr. Donald M. Nelson, Director of the Division of Purchases, O. P. M.

TESTIMONY OF DONALD M. NELSON, DIRECTOR OF THE DIVISION OF PURCHASES, OFFICE OF PRODUCTION MANAGEMENT, WASHINGTON, D. C.

The Chairman. Mr. Nelson, I have read your statement and have an outline of it and I believe it will be a very, very valuable contribution to our record.

I am very pleased to know that you are intensely interested in this subject of migration.

Mr. Nelson. I am, sir. I think it is the most important single thing before us.

The Chairman. This committee found last year in traveling north and south and east and west, holding hearings in many places, that there are about 4,000,000 migrants going from State to State, and that number has been increasing year by year. We made a report to Congress on the general subject of migration, which contained some recommendations.

Following that the committee was continued for this year by Congress with the idea that migration would increase on account of our national-defense program, which we have found to be true.

(The following statement was submitted by the witness:)

STATEMENT BY DONALD M. NELSON, DIRECTOR, DIVISION OF PURCHASES, OFFICE OF PRODUCTION MANAGEMENT, WASHINGTON, D. C.

DISTRIBUTION OF ORDERS AND OF FACILITIES CONTRACTS, WAR AND NAVY DEPARTMENTS, THROUGH JUNE 30, 1941

The major purpose of the Division of Purchases in the Office of Production Management is to serve as an aid to the armed forces in getting what they want, in the quantities desired, and at the times specified, with the fewest possible disturbing effects upon the domestic economy. One disturbing effect, both immediate and for the long run, would be a large and disorderly migration of laborers. Consequently, the Division of Purchases has consistently sought to advise the placing of defense orders in such places and in such manner as to cause a minimum of labor migration.

Probably it is unnecessary to point out that in the placing of defense orders by the War and Navy Departments, many factors other than local labor supply must play a large part, and sometimes a predominating part. For instance, aircraft and aircraft motors, especially during the early months of the defense program, had not enough potential laborers in their immediate vicinities to supply the necessary work forces to handle the growing needs of our armed forces and of other democracies. Nevertheless, the dictates of speedy delivery and high quality practically compelled the placing of large orders with existing, though undermanned, plants. Such plants had to draw laborers from varying distances, probably in many cases from long distances.

More generally, the problem of the placing of orders, whether for supplies or for new facilities to produce supplies in the future, is one which almost invariably involves compromise in the final decision. Whether to give orders to industrial districts already equipped and manned, or to seek new industries and locations, is a question which very often cannot be settled to the full satisfaction of all points of view. What must be done, and what we have tried to do, in cooperation with the War and Navy Departments is to make recommendations which will reflect the best possible compromise between conflicting factors. I can say that one of our basic policies has been to avoid insofar as possible both undue concentration of orders and undue centralization of industry. Clearly, it would be undesirable to allot so many orders to overworked communities as to exaggerate inward migration of laborers and thus lead to unhealthy congestion. Likewise, it would be unwise to erect so many new facilities in outlying areas as to cause mushrooming of temporary towns.

In this connection, a further factor must always be recognized—that is, as the defense program grows, with its demands on both labor and materials, production for civilian use is bound to be curtailed in many lines of business. One result is the progressive unemployment of former civilian-goods workers, and to meet this progressive change, we need to allot defense orders, so far as feasible, to the areas where transfer of workers to defense projects can best and most speedily be carried out.

DISTRIBUTION PATTERN OF ORDERS

Broadly, the distribution of Army and Navy orders has tended to follow rather than to deviate from the previously existing pattern of industrial activity. This broad tendency is reflected by the data in table 4. Specifically, concerning labor, those figures show that up through June 30, 1941, War and Navy orders have followed labor, with few exceptions. Thus New England, with 12.1 percent of the total manufacturing workers in the United States, has received 12.9 percent by dollar value, of military contracts; the Middle Atlantic States, with 28.6 percent of workers, have 27.3 percent of orders; the East North Central States, with 27.8 percent of workers, have 18.4 percent of all military orders (but 27.2 percent of War Department orders alone); the West North Central States, with 4.8 percent of total workers, have 5 percent of total orders; the South Atlantic States, with 12.6 percent of workers, have 11.3 percent of orders; the East South Central States have 4.6 percent of workers and 3.5 percent of orders; West South Central States have 3.4 percent of workers and 5.4 percent of orders; Mountain States have 0.7 percent of workers and 1.2 percent of orders; and Pacific States have 5.4 percent of workers and 15 percent of orders.

When we consider the distribution of War and Navy contracts for new facilities, however, there are sharper contrasts. In part, new facility locations are determined by strategic factors, which are purely for military authorities to decide upon, and in part, by economic considerations. But the figures (table 4) show that new facilities contracts have been placed much more definitely away from highly industrialized areas. Thus, New England, with 12.1 percent of manufacturing workers, has received 6.7 percent of new facilities; the Middle Atlantic States, with 28.6 percent of workers, have 19.1 percent of new facilities. A reversal is found in the East North Central States, which, with 27.8 percent of workers, have 32.8 percent of new facilities. The general tendency toward decentralization appears, however, in the West North Central, with 4.8 percent of workers and 8.2 percent of facilities. In the South Atlantic States the percentages are the same, 12.6 percent of workers and of facilities. In the East South Central States there are 4.6 percent of total workers but 8.5 percent of facilities. In the West South Central workers and facilities are about the same, 3.4 percent and 3.9 percent; in the Mountain States there are 0.7 percent of workers, but 1.5 percent of facilities; and in the Pacific States there are 5.4 percent of workers and 6.4 percent of new facilities.

In summary, I would say that supplies contracts have followed the location of industry and its workers; but that new facilities have been planned to follow a policy of at least partial decentralization.

PROCEDURE IN DECIDING NEW PLANT LOCATIONS

The decisions on new plant locations are made only after most thorough analyses by military boards and by the civilian advisory boards, including recently the Plant Site Board. I should like to offer the following description of the work of this Board, established several months ago by the Office of Production Management (as referred to in the exhibits submitted separately).

First as to procedure—the initial negotiations for the selection of sites for new industrial facilities in connection with the defense program are in the hands of the technical agencies responsible for assuring an adequate supply of the articles to be produced. Thus, the Ordnance Department of the War Department has first responsibility for securing locations for new powder plants; the Air Corps of the War Department works with the operating companies in the selection of sites for new aircraft facilities; the Bureau of Ships of the Navy Department is responsible for initiating proposals for new facilities to build war vessels; the Maritime Commission develops proposals for the construction of new ways to build additional ships for our merchant marine; and the Office of Production Management, Raw Materials Division, takes the first steps in finding suitable locations for new plants in the raw materials field, such as steel, aluminum, and magnesium.

However, it would be wrong to give the impression that these are airtight compartments. Depending upon the extent of expert assistance their personnel is able to provide, the staff of the Production Division of the Office of Production Management works closely with the War and Navy Departments in the selection of both operating companies and the sites at which new operations will be carried on. The Shipbuilding Section of the Office of Production Management works actively with the Maritime Commission and the Navy Department in developing the new facilities necessary to supply equipment for the over-all shipbuilding program. The Air Corps of the Army and the Bureau of Aeronautics of the Navy Department work together closely, blocking out the particular fields in aircraft expansion for which each will be responsible. Thus, for example, the Navy Department has assumed first responsibility for expanding facilities for the manufacture of Pratt & Whitney engines, while the Army provides the funds and makes the plans for expanding capacity for the production of Wright engines. In each case there is close coordination between the two agencies through both the Office of Production Management and the staff of the Army-Navy Munitions Board.

It will be convenient to illustrate the procedure from this point on with a sample project initiated by the Ordnance Department of the War Department. The officer in charge of the program prepares a statement describing the site proposed, indicating its requirements in terms of labor, power, transportation, water, raw materials, etc., and how it is proposed that they be met at this location. This proposal is submitted to the War Department Facilities Board, established in the office of the Under Secretary of War. This Board is headed by Gen. H. K. Rutherford. The War Department Facilities Board transmits the proposal with all available information about it to the Plant Site Board of the Office of Production Management. The Plant Site Board is composed of five members appointed by the Director General, acting in association with the Associate Director General of the Office of Production Management. At the present time, Donald M. Nelson, Director of the Division of Purchases of the Office of Production Management, is chairman. The other members are E. F. Johnson, Chief of the Ordnance Machine Tools and Aircraft Section of the Production Division of the Office of Production Management; Eli Oliver, labor relations adviser to Sidney Hillman, Associate Director of the Office of Production Management; and Gov. Clifford Townsend, Director of the Office of Agricultural Defense Relations in the United States Department of Agriculture. There is one vacancy due to the resignation from the Office of Production Management of S. R. Fuller, who, in addition to being a member, was Chief of the Raw Materials Section of the Production Division of the Office of Production Management.

DATA OBTAINED BY PLANT-SITE BOARD

On the basis of the requirements submitted with the proposal the staff of the Plant Site Board secures all available data with respect to the resources of the community in which the plant is to be located which will throw light on its ability to meet these requirements. Particular emphasis is put on the availability of labor at the time the plant can get in operation, the availability of power at that time, the supply of vacant houses in case workers must be imported, the character and quantity of training equipment and facilities in case workers must be trained, where large acreage is involved the nature of the land to be purchased, the number of persons who must be dispossessed, and the relation between the location and the sources of raw materials and the destination of finished products.

In addition the Plant Site Board is instructed in the regulation establishing it to "seek insofar as it can do so consistently with due expedition of the program of defense production and appropriate factors of military strategy to facilitate the geographic decentralization of defense industry and the full employment of all labor and facilities."

In securing the data for the use of the Plant Site Board reliance is placed primarily on existing Government agencies and no considerable staff has been built up for the Board itself. For example, in checking on the availability of power, comments are secured from the Defense Power Unit of the Federal Power Commission and from the power consultant to the Office of Production Management. The availability of housing is checked with the Coordinator of Defense Housing and other public facilities, such as schools, hospitals, sewage and water facilities, with the Office of the Coordinator of Health, Welfare, and Related Defense Activities. For labor supply principal reliance is placed on the Labor Division of the Office of Production Management which bases its conclusions on the reports received from the field offices of the Bureau of Employment Security with its 1,500 public employment offices, the estimates of labor requirements received from the Bureau of Labor Statistics, and on data on agricultural employment provided by the Office of Agricultural Defense Relations. General comments and data are secured from the National Resources Planning Board and from the Plant Location Section of the Bureau of Research and Statistics of the Office of Production Management. In this way prompt and expert advice is secured without duplicating existing agencies or personnel.

Whenever it seems likely that the data assembled will raise questions about the locations proposed, those persons in the War or Navy Department responsible for the original selection are invited to attend the Board meeting and work out with the Board the most satisfactory solution of the problem.

BILLION DOLLARS IN APPROVED PROJECTS

From April 30, when it cleared its first project, through June 30, the Board formally approved 169 projects involving a total investment of $1,047,593,999.

Notice of Board action is returned to the War Department Facilities Board, which, on the basis of the recommendation of the Office of Production Management Plant Site Board and of its own information on similar subjects, but more particularly on its views with respect to military strategy and related problems, makes a recommendation to the Under Secretary of War. Action by him is followed by clearance with the President.

An almost identical procedure is followed with projects initiated in the Navy Department. Their Facilities Board is headed by Capt. A. B. Anderson.

There are certain types of projects which involve increased facilities for producing basic raw materials, such as steel, aluminum, and magnesium, and are hence primarily the responsibility of neither the War nor Navy Department. In these cases the commodity experts of the Production Division of the Office of Production Management usually take the lead although working in close cooperation with representatives of the War and Navy Departments. For example, in the case of the recent new plants for the production of aluminum the Office of Production Management made recommendations to the Under Secretary of War after clearance with the Plant Site Board. The Under Secretary of War in turn may be expected to make a recommendation to the Reconstruction Finance Corporation or more likely to its subsidiary, the Defense Plant Corporation, expressing the opinion of the War Department as to the most desirable location, the name of the operating company, and the nature of the plant. On the basis of these data the Defense Plant Corporation proceeds to negotiate a contract for the construction and/or lease of the new facility.

There have also been a large number of cases, particularly Air Corps projects, in which the cost has been shared by the War Department and by the Defense Plant Corporation. In all such cases the same procedure is followed as in the case of projects financed wholly by the War Department, except that after a final decision has been reached with respect to the location and cost of the project and the operating company, this is transmitted to the Defense Plant Corporation which negotiates the contract. However, the 1942 fiscal year appropriaion act prohibits the War Department from financing the expansions required for its procurement program through the use of Defense Plant Corporation funds.

CHECK-UPS ON PLANT-SITE SELECTION

This is formal procedure. As a matter of fact, however, the Plant Site Board of the Office of Production Management is instructed in the regulation establishing it to "seek to work in close cooperation with representatives of each such department, corporation, or agency from the outset of the process of selection of the location of any plant or facility." The Plant Site Board feels strongly that it can be most useful not by vetoing proposals submitted to it for formal action, but by seeing to it that at the very start of negotiations careful consideration is given to the factors which are most important in picking good sites. And again, may I remind you, by good sites the Plant Site Board is interested in good communities and not, by and large, in particular pieces of land.

Although there are far too many negotiations going on at any one time for the Board to keep in close touch with all of them it has adopted several means which have proved useful in seeing to it that in most cases by the time a project gets to it for formal action the site selected is the best possible under the circumstances. In the first place the Board has made it clear to both the War and Navy Departments that it is very happy to receive preliminary proposals of sites that are under consideration and to express an informal opinion with respect to them. At the very outset of its work it requested and received from the departments a general picture of the program of new facilities as it shaped up at the time and gave preliminary comments on this program. Since that time the staff has kept in close touch with both the War and Navy Departments and with those in the Office of Production Management working on new facilities programs, and they have referred to the Board for preliminary comment nearly all important projects at an early stage of negotiations before a substantial delay would be caused to the Defense program by the necessity of seeking a different location than that originally proposed by the operating company and the service department.

In the case of certain types of plants, such as ammunition plants, a representative of the Plant Site Board has gone with representatives of the Ordnance Department to inspect locations proposed for new plants. The staff of the Board has also kept in close touch with representatives of the railroads who are most familiar with possible sites. They have helped greatly in finding locations in areas which are desirable from the point of view of the Plant Site Board.

The Board has also expressed general views to the War and Navy Departments with respect to the types of plants which it felt would most efficiently utilize the resources of various regions of the country, has provided them with data on communities where housing and labor shortages have occurred and has recommended lists of communities which seem to deserve prior consideration for various types and sizes of plants.

In a number of cases the service departments have referred to the Board companies which have been asked to expand and wanted help in picking a desirable location. The Board has been able to be of some assistance in those cases, not only by reason of the data provided by Government agencies but also the vast quantities of material submitted to it by local chambers of commerce, by Members of Congress, by representatives of the railroads, by unions and by other groups and individuals interested in participating in the defense effort.

PEACETIME VALUE AS FACTOR

One other point with respect to the way sites or new facilities are selected may be of interest to you. In the case of new facilities for the production of aircraft and ships there is frequently some likelihood that the plants will have a peacetime value. Although the Government is financing their construction at the moment, it would, of course, like to sell as many of these plants as possible at the end of the emergency. The best potential purchaser is usually the operating company. Its interest in purchasing the plant after the end of the emergency will depend largely on whether the location is considered to be suitable for peace-time operation in connection with its other manufacturing activities. The net result of all this is that in the case of expansions in these fields the principal initiative in selecting new locations rests with the operating companies rather than with the Government, although the influence of the Government is not negligible. However, those of you who are interested in sites that are suitable for this kind of activity would probably do better by going to companies with large contracts or subcontracts than by submitting data about these sites to Government agencies.

In the course of my work I have had to read many dozens of prospecti setting forth the advantages of particular sites for defense plants. I should like to make one or two comments about the material contained in these prospecti as it relates to the criteria in which the Plant Site Board is most interested.

Although for many years there has been a large backlog of unemployed throughout the country this is no longer the case. We now have in many locations acute labor shortages. In the course of the next year when the greater part of the new facilities under construction will get into operation these shortages will be far more widespread. As a result labor supply has become a key problem in selecting suitable sites for new plants.

TWO LABOR ANGLES IN PLANT-SITE SELECTION

The Board looks at the labor problem from two angles. In the first place, it is considered undesirable to locate plants where they can only be staffed by the migration of workers from beyond a reasonable commuting distance. The low level of activity in the housing industry during the past 10 years has left few of our cities with a cushion of vacant houses which can absorb migrant workers. To build new houses for them is not only expensive to the Government but involves a substantial diversion of resources which could better be devoted to defense production—resources of men, materials, and transportation facilities. This situation has become sufficiently acute in the materials fields that it has been necessary to establish special priority provisions to insure the delivery of materials for the construction of defense housing.

The definition of reasonable commuting distance will vary from one part of the country to another as commuting customs differ. Certainly, however, data on the labor available in an entire State are always irrelevant. As an average we are using 30 miles. In some parts of the country it is reasonable to draw a circle with a 30-mile radius. In others where the highway network is less satisfactory it is necessary to examine the highway facilities carefully. Attention must be paid to mountain ranges which require a roundabout approach and to toll bridges which make commuting from certain directions expensive.

The second principal problem is determining how many unemployed persons are available within the commuting area. This involves finding out not only how many persons are without jobs but also how many of them would be interested in the particular type of work offered by the new plant and could be expected to meet its requirements, both in terms of sex, age, race, citizenship, physical fitness, and occupational skill. Once a satisfactory inventory is made of the unemployed, including those only partially employed on low-income farms, it is necessary to anticipate the number of new jobs which will be created by contracts already signed either within that commuting area or in nearby cities to which workers will migrate from the area under consideration. Some allowance must also be made for the secondary efforts of defense employment in creating jobs in service and trade establishments. I cannot emphasize too greatly the importance of considering not only present unemployment but anticipated unemployment at the time the proposed plant will be hiring new workers.

PRIORITIES AN IMPONDERABLE FACTOR

A new complicating factor has been introduced into this picture during recent months by the curtailment of certain types of manufacturing due either to priorities as in the case of aluminum or to general agreement as in the case of autos. At the present time these introduce an imponderable factor which cannot be resolved until more specific information is secured about where these cuts will be made and what their effects upon employment will be.

The same situation applies to power supply. It is not enough to describe the generating capacity or the interconnecting lines which can supply power to the proposed plant. In general the power supply of the country is short. It is necessary to know in any specific location not only what the capacity is but what estimated requirements will be as of the time the proposed plant gets into operation. The pertinent question is what surplus will be left after meeting existing or already contracted for requirements. It is unwise to count on interconnection until specific information is secured about the anticipated surplus as of a year or more from now of the interconnected systems.

What I have said with respect to labor and power applies to a greater or lesser extent throughout the whole picture. We are entering a period of scarcity and shortage. We are building new facilities so rapidly that today's situation will be wholly changed a year from now. These developments involve a complete revision in the outlook toward many aspects of plant location which has quite properly characterized the past 10 years. Prospectuses which take account of the rapidly changing demand or supply situation for such items as labor and power will receive more favorable consideration than those which fail to take account of future developments.

(Eight tables, six charts, and two additional exhibits, described as follows, were submitted for the record and appear in order following:)

TABLE 1.—County distribution of War and Navy Department prime contracts and project orders, June 1, 1940, to June 30, 1941.

TABLE 2.—Distribtuion of major defense prime contracts awarded by the War and Navy Departments, by States, June 1, 1940, to June 30, 1941.

TABLE 3.—Distribution of major defense contracts awarded by the War and Navy Departments, by Federal Reserve district and industrial area, June 1, 1940, to June 30, 1941.

TABLE 4.—Percentage distribution of prime contracts and Government-financed facilities, by regions, as of June 30, 1941.

TABLE 5.—Regional distribution of value of manufactured products, value of War and Navy Department prime contracts, and estimated cost of Government-financed facilities.

TABLE 6.—Regional distribution of manufacturing employment, value of War and Navy Department prime contracts, and estimated cost of Government-financed facilities.

TABLE 7.—War Department regional distribution of value of prime contracts and estimated cost of Government-financed facilities.

TABLE 8.—Cumulative percentage distribution of prime contracts and Government-financed facilities, by regions.

CHART 1.—Regional distribution of the estimated cost of new industrial facilities financed by War Department funds and total value of manufactured product.

CHART 2.—Navy Department regional distribution of the estimated cost of new industrial facilities and total value of manufactured product.

Chart 3.—Navy Department regional distribution of prime contract awards and total value of manufactured products.

Chart 4.—Navy Department regional distribution of prime contract awards and total value of manufactured product, excluding aircraft contracts.

Chart 5.—War Department regional distribution of prime contract awards and total value of manufactured products, including aircraft contracts.

Chart 6.—War Department regional distribution of prime contract awards and total value of manufactured products, excluding aircraft contracts.

Exhibit 1.—Regulation No. 6, establishing a Plant Site Board in the Office of Production Management and defining procedure for clearance of the proposed location of new or additional plants and facilities required for the national defense.

Exhibit 2.—Regulation No. 6–A, amending Regulation No. 6, dated May 6, 1941, establishing a Plant Site Board in the Office of Production Management and defining procedure for clearance of the proposed location of new or additional plants and facilities required for the national defense.

Table 1.—*County distribution of War and Navy Department prime contracts and project orders,*[1] *June 1, 1940, to June 30, 1941—All awards having value of $10,000 or more excluding construction, construction materials, fuels, foodstuffs, and services*[2]

[Thousands of dollars]

Alabama	120, 432
Calhoun	2, 481
Chambers	2, 348
Covington	564
Dallas	188
Elmore	320
Etowah	17, 284
Jackson	332
Jefferson	12, 631
Lauderdale	2, 861
Madison	457
Mobile	39, 755
Montgomery	419
Talladega	40, 725
Tallapoosa	67
Arizona	28
Cochise	11
Pima	17
Arkansas	93
Greene	45
Pulaski	32
Unassignable	16
California	1, 383, 994
Alameda	57, 229
Contra Costa	1, 299
Humboldt	42
Imperial	10
Los Angeles	610, 148
Napa	264
Orange	2, 222
Sacramento	110
San Bernardino	237, 104
San Diego	49
San Francisco	244, 576
San Joaquin	1, 992
San Mateo	46
Santa Clara	9, 096
Santa Cruz	10
Solano	222, 531
Sonoma	17
Tulare	164
Unassignable	116
Colorado	95, 771
Denver	91, 168
Pueblo	4, 603
Connecticut	611, 737
Fairfield	127, 035
Hartford	219, 120
Litchfield	1, 695
Middlesex	1, 306
New Haven	66, 716
New London	194, 061
Tolland	286
Windham	1, 518
Delaware	6, 694
New Castle	6, 248
Sussex	446
District of Columbia	88, 330

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[1] Project orders are orders for work issued to Government-owned arsenals, shipyards, manufacturing depots, and the like.

[2] The tabulation includes supplies contracts only and does not include contracts for facilities except for a relatively small amount of manufacturing equipment included in a few supplies contracts.

TABLE 1.—*County distribution of War and Navy Department prime contracts and project orders, June 1, 1940, to June 30, 1941—All awards having value of $10,000 or more excluding construction, construction materials, fuels, foodstuffs, and services*—Continued

[Thousands of dollars]

Florida	74, 334
Bradford	3, 054
Dade	944
Duval	5, 392
Escambia	302
Franklin	31
Hillsborough	58, 778
Lee	113
Manatee	529
Monroe	5, 083
Okaloosa	19
Pinellas	19
Sarasota	24
Unassignable	46
Georgia	42, 712
Barrow	373
Bibb	38
Carroll	235
Chatham	5, 128
Clarke	302
Cobb	197
Colquitt	50
Coweta	31
De Kalb	600
Floyd	334
Fulton	16, 894
Grady	81
Habersham	275
Jenkins	112
Meriwether	24
Muscogee	803
Polk	295
Pulaski	29
Richmond	166
Rockdale	56
Spalding	276
Stephens	5, 893
Troup	1, 178
Upson	61
Walker	9, 052
Walton	90
Washington	139
Illinois	280, 190
Adams	1, 179
Alexander	15
Boone	16
Champaign	525
Cook	216, 711
De Kalb	498
De Witt	15
Du Page	339
Effingham	126
Henry	2, 096
Jo Daviess	135
Illinois—Continued.	
Kane	2, 604
Kankakee	63
Lake	213
La Salle	623
McDonough	77
McLean	30
Macon	1, 258
Madison	7, 864
Marshall	67
Massac	91
Montgomery	57
Morgan	19
Ogle	241
Peoria	615
Rock Island	17, 052
St. Clair	1, 001
Sangamon	385
Stephenson	124
Vermilion	78
Wayne	343
White	725
Whiteside	234
Will	19, 150
Winnebago	5, 574
Unassignable	41
Indiana	231, 211
Adams	55
Allen	3, 257
Bartholomew	676
Blackford	407
Boone	565
Cass	323
Clark	41, 929
Decatur	26
Delaware	1, 073
Elkhart	192
Floyd	24
Fulton	29
Grant	1, 247
Hamilton	693
Henry	10
Howard	1, 072
Huntington	25
Jackson	422
Jay	589
Jefferson	539
Kosciusko	64
Lake	2, 861
La Porte	28, 440
Lawrence	62
Madison	6, 415
Marion	76, 455
Noble	497
Perry	132
Ripley	38
St. Joseph	59, 404

TABLE 1.—*County distribution of War and Navy Department prime contracts and project orders, June 1, 1940, to June 30, 1941—All awards having value of $10,000 or more excluding construction, construction materials, fuels, foodstuffs, and services*—Continued

[Thousands of dollars]

Indiana—Continued.	
Vanderburg	1,759
Vigo	101
Wabash	654
Wayne	1,127
Unassignable	49
Iowa	6,789
Black Hawk	143
Cerro-Gordo	24
Clinton	426
Dubuque	381
Floyd	22
Iowa	53
Jefferson	10
Linn	3,268
Polk	551
Scott	1,699
Webster	24
Woodbury	188
Kansas	79,917
Atchison	167
Bourbon	68
Cherokee	40
Montgomery	36
Sedgwick	75,319
Wyandotte	4,287
Kentucky	3,984
Bell	42
Boyd	61
Caldwell	31
Campbell	143
Christian	38
Daviess	17
Estill	69
Fayette	17
Franklin	355
Graves	35
Jefferson	2,839
Kenton	300
Warren	37
Louisiana	11,723
Caddo	233
Jefferson	245
Orleans	11,025
Rapides	205
Unassignable	15
Maine	184,874
Androscoggin	3,827
Cumberland	1,866
Franklin	862
Hancock	36
Kennebec	922
Maine—Continued.	
Knox	1,666
Lincoln	4,007
Oxford	38
Penobscot	433
Piscataquis	382
Sagadahoc	169,907
Somerset	748
York	96
Unassignable	84
Maryland	307,344
Anne Arundel	1,185
Baltimore	1,080
Baltimore City	296,501
Cecil	2,975
Charles	18,047
Dorchester	997
Frederick	35
Howard	42
Montgomery	12
Prince Georges	177
Somerset	182
Washington	13,122
Wicomico	89
Unassignable	60
Massachusetts	934,794
Barnstable	28
Berkshire	3,552
Bristol	5,088
Essex	19,973
Franklin	777
Hampden	40,122
Hampshire	744
Middlesex	17,419
Norfolk	520,490
Plymouth	9,795
Suffolk	288,208
Worchester	27,459
Unassignable	1,139
Michigan	677,489
Alpena	208
Bay	18,998
Berrien	2,771
Branch	1,047
Calhoun	7,566
Chippewa	11
Eaton	1,100
Genesee	24,717
Grand Traverse	20
Hillsdale	436
Houghton	249
Ingham	1,227
Ionia	15
Jackson	4,579
Kalamazoo	62
Kent	1,291

TABLE 1.—*County distribution of War and Navy Department prime contracts and project orders, June 1, 1940, to June 30, 1941—All awards having value of $10,000 or more excluding construction, construction materials, fuels, foodstuffs, and services*—Continued

[Thousands of dollars]

Michigan—Continued.	
Lapeer	89
Lenawee	396
Macomb	14,055
Manistee	444
Marquette	36
Menominee	683
Midland	487
Muskegon	47,392
Oakland	155,180
Ottowa	114
Saginaw	15,462
St. Clair	2,558
St. Joseph	24
Washtenaw	3,786
Wayne	371,647
Unassignable	839
Minnesota	37,981
Blue Earth	28
Brown	16
Cass	50
Dakota	93
Freeborn	154
Hennepin	34,672
Ramsey	1,910
Rice	97
St. Louis	536
Steele	25
Winona	400
Mississippi	52,038
Alcorn	80
Forrest	84
Hinds	24
Jackson	50,000
Jones	12
Lauderdale	209
Lee	15
Lincoln	254
Lowndes	530
Marion	64
Newton	284
Pearl River	304
Union	178
Missouri	276,805
Audrain	200
Boone	46
Buchanan	26
Cass	13
Clay	3,294
Cole	245
Dent	168
Dunklin	24
Franklin	23
Greene	448
Jackson	8,434
Jasper	629

Missouri—Continued.	
Johnson	27
Moniteau	297
New Madrid	203
Pettis	178
Randolph	751
St. Charles	26,255
St. Francois	173
St. Louis	66,828
St. Louis City	126,971
Saline	211
Scott	83
Unassignable	61,143
Montana: Cascade	45
Nebraska	4,266
Adams	229
Douglas	3,227
Gage	180
Lancaster	607
Otoe	23
Nevada: Mineral	285
New Hampshire	107,984
Belknap	444
Chesire	371
Coos	195
Hillsborough	4,791
Merrimack	957
Rockingham	98,892
Strafford	2,170
Sullivan	51
Unassignable	113
New Jersey	1,450,980
Atlantic	152
Bergen	57,126
Burlington	594
Camden	532,113
Cape May	753
Cumberland	3,088
Essex	28,009
Gloucester	2,631
Hudson	356,996
Mercer	9,872
Middlesex	18,597
Monmouth	6,406
Morris	154,603
Passaic	298,558
Salem	5,101
Somerset	247
Union	22,817
Warren	2,869
Unassignable	577
New York	1,486,255
Albany	20,998
Allegany	199

TABLE 1.—*County distribution of War and Navy Department prime contracts and project orders, June 1, 1940, to June 30, 1941—All awards having value of $10,000 or more excluding construction, construction materials, fuels, foodstuffs, and services*—Continued

[Thousands of dollars]

New York—Continued.	
Broome	7, 597
Cattaraugus	99
Cayuga	7, 247
Chatauqua	8, 560
Chemung	8, 127
Chenango	1, 444
Columbia	98
Delaware	995
Dutchess	9, 593
Erie	185, 486
Fulton	1, 509
Genesee	221
Herkimer	625
Jefferson	471
Livingston	3, 168
Madison	1, 246
Monroe	65, 655
Montgomery	431
Nassau	121, 868
New York	774, 160
Niagara	1, 836
Oneida	37, 781
Onondaga	13, 510
Ontario	25
Orange	687
Orleans	108
Oswego	280
Rensselaer	3, 222
Rockland	3, 532
St. Lawrence	206
Saratoga	841
Schenectady	176, 616
Schuyler	63
Seneca	206
Steuben	338
Suffolk	6, 072
Tompkins	184
Ulster	1, 848
Warren	158
Washington	1, 113
Wayne	49
Westchester	14, 375
Wyoming	331
Unassignable	109
North Carolina	28, 580
Alamance	199
Alexander	26
Buncombe	319
Burke	150
Cabarrus	1, 275
Caldwell	34
Carteret	26
Catawba	494
Columbus	30
Craven	660
Dare	225
Davidson	849
Davie	464
Durham	1, 114
North Carolina—Continued.	
Edgecombe	168
Forsyth	913
Gaston	2, 743
Guilford	3, 935
Halifax	19
Iredell	198
Lenoir	105
Mecklenburg	1, 621
New Hanover	29
Pasquotank	528
Randolph	167
Richmond	424
Rockingham	1, 430
Rowan	142
Rutherford	213
Surry	7, 741
Vance	2, 190
Wake	31
Yadkin	89
Unassignable	29
Ohio	415, 443
Allen	114
Auglaize	265
Belmont	135
Butler	16, 076
Carroll	13
Champaign	208
Clark	4, 544
Clinton	37
Columbiana	5, 953
Crawford	1, 071
Cuyahoga	193, 074
Darke	244
Erie	3, 244
Fairfield	51
Franklin	20, 147
Guernsey	20
Hamilton	22, 721
Hancock	240
Hardin	19
Harrison	494
Highland	906
Jefferson	15
Knox	2, 177
Lake	11
Licking	131
Logan	201
Lorain	1, 406
Lucas	27, 829
Mahoning	11, 088
Marion	1, 091
Medina	134
Miami	4, 921
Montgomery	31, 853
Morrow	113
Mushingum	136
Ottawa	174
Portage	28, 000
Richland	513

TABLE 1.—*County distribution of War and Navy Department prime contracts and project orders, June 1, 1940, to June 30, 1941—All awards having value of $10,000 or more excluding construction, construction materials, fuels, foodstuffs, and services*—Continued

[Thousands of dollars]

Ohio—Continued.	
Ross	13
Sandusky	86
Scioto	210
Seneca	522
Shelby	2,729
Stark	9,710
Summit	32,168
Trumbull	459
Tuscarawas	168
Van Wert	147
Warren	500
Washington	385
Wayne	31
Williams	259
Unassignable	64
Oklahoma	2,474
Grady	56
Muskogee	343
Oklahoma	141
Ottawa	41
Tulsa	160,729
Washington	14
Oregon	38,360
Clackamas	22
Clatsop	1,328
Coos	1,328
Douglas	280
Jackson	61
Lane	129
Marion	509
Multnomah	34,703
Pennsylvania	1,149,008
Adams	512
Allegheny	75,834
Armstrong	445
Beaver	6,866
Berks	9,547
Blair	43
Bradford	1,040
Bucks	7,230
Butler	6,220
Cambria	134
Carbon	130
Centre	726
Chester	5,273
Clarion	13
Clearfield	17
Clinton	16
Columbia	61,275
Crawford	2,911
Cumberland	63
Dauphin	7,122
Delaware	14,090
Elk	93
Pennsylvania—Continued.	
Erie	5,474
Fayette	10
Franklin	1,886
Indiana	85
Jefferson	85
Lackawanna	1,387
Lancaster	2,549
Lawrence	4,294
Lebanon	243
Lehigh	7,093
Luzerne	5,765
Lycoming	14,450
McKean	49
Mercer	7,325
Mifflin	255
Montgomery	37,929
Montour	1,583
Northampton	29,263
Northumberland	1,759
Perry	45
Philadelphia	792,446
Schuylkill	2,708
Snyder	12
Union	87
Venango	315
Warren	2,574
Washington	918
Wayne	160
Westmoreland	10,196
York	18,065
Unassignable	398
Rhode Island	96,569
Bristol	5,445
Kent	702
Newport	64,423
Providence	24,919
Washington	228
Unassignable	852
South Carolina	144,651
Aiken	2,081
Anderson	1,406
Beaufort	513
Berkeley	14
Calhoun	99
Charleston	135,347
Greenville	1,414
Greenwood	1,640
Lancaster	42
Laurens	32
Orangeburg	61
Richland	264
Saluda	670
Spartanburg	813
Union	214
Unassignable	41

TABLE 1.—*County distribution of War and Navy Department prime contracts and project orders, June 1, 1940, to June 30, 1941—All awards having value of $10,000 or more excluding construction, construction materials, fuels, foodstuffs, and services*—Continued

[Thousands of dollars]

Tennessee	45,272
Bedford	125
Blount	19
Bradley	219
Campbell	73
Coffee	254
Davidson	4,312
Gibson	24,720
Hamilton	7,368
Humphries	52
Knox	5,461
Lawrence	96
Marion	11
Marshall	100
Rhea	49
Robertson	748
Shelby	770
Sullivan	106
Unicoi	166
Williamson	40
Wilson	489
Unassignable	94
Texas	156,072
Arkansas	482
Bexar	365
Brazoria	43
Dallam	65
Dallas	40,771
De Witt	164
Ellis	104
El Paso	149
Grayson	264
Harris	3,990
Hunt	168
Jefferson	7,200
McLennan	5,862
Nueces	20
Orange	91,240
Potter	28
Smith	11
Tarrant	165,615
Taylor	16
Wharton	25
Wichita	18
Williamson	3,112
Utah	158
Salt Lake	10
Utah	35
Weber	93
Unassignable	20
Vermont	2,421
Bennington	90
Chittenden	899
Orleans	17
Washington	107
Windham	205
Windsor	1,103
Virginia	931,526
Albemarle	457
Arlington	217,665
Bedford	205
Campbell	771
Dinwiddie	781
Frederick	977
Henrico	2,289
Henry	29
King George	6,374
Montgomery	17,192
Norfolk	292,477
Northumberland	12
Pittsylvania	728
Prince Edward	414
Prince George	494
Prince William	25
Roanoke	462
Smyth	114
Southampton	13
Spotsylvania	49
Warwick	389,194
Washington	193
Wythe	46
York	565
Washington	584,834
Clark	101
Grays Harbor	727
King	377,738
Kitsap	201,338
Louis	20
Pierce	3,550
Spokane	32
Whitman	1,328
West Virginia	25,167
Berkeley	582
Brooke	81
Cabell	4,595
Hancock	18
Harrison	496
Kanawha	3,454
Marion	100
Marshall	53
Mason	8,240
Mercer	74
Mineral	271
Monongalia	1,850
Ohio	4,781
Taylor	70

TABLE 1.—*County distribution of War and Navy Department prime contracts and project orders, June 1, 1940, to June 30, 1941—All awards having value of $10,000 or more excluding construction, construction materials, fuels, foodstuffs, and services*—Continued

[Thousands of dollars]

West Virginia—Continued.	
Upshur	30
Wood	472
Wisconsin	145, 923
Bayfield	1, 443
Brown	239
Calumet	46
Chippewa	481
Columbia	100
Dane	1, 169
Door	2, 789
Douglas	2, 184
Eau Claire	32
Fond Du Lac	8, 167
Jefferson	23
Kenosha	1, 639
La Crosse	327
Manitowoc	33, 352
Marathon	1, 552
Marinette	2, 691
Wisconsin—Continued.	
Milwaukee	60, 887
Outgamie	386
Ozaukee	26
Pierce	130
Portage	12
Racine	6, 653
Rock	15, 069
Sauk	331
Sheboygan	738
Walworth	739
Washington	608
Waukesha	24
Waupaca	572
Winnebago	3, 462
Wood	39
Unassignable	13
Wyoming: Natrona	27
Off continent	42, 952
Unassignable	620, 860

TABLE 2.—*Distribution of major defense prime contracts awarded by the War and Navy Departments by States, June 1, 1940, to June 30, 1941*

[Thousands of dollars]

Grand total	13, 083, 483
Continental United States	12, 180, 450
Alabama	215, 110
Arizona	3, 460
Arkansas	5, 485
California	1, 335, 186
Colorado	126, 213
Connecticut	595, 896
Delaware	8, 085
District of Columbia	5, 972
Florida	118, 085
Georgia	91, 090
Idaho	1, 251
Illinois	363, 746
Indiana	389, 894
Iowa	68, 857
Kansas	95, 203
Kentucky	48, 683
Louisiana	34, 602
Maine	187, 876
Maryland	366, 018
Massachusetts	715, 636
Michigan	791, 090
Minnesota	45, 584
Mississippi	72, 910
Missouri	372, 670
Continental United States—Continued.	
Montana	45
Nebraska	14, 489
Nevada	4, 349
New Hampshire	15, 564
New Jersey	1, 424, 915
New Mexico	9, 362
New York	1, 159, 670
North Carolina	90, 597
North Dakota	
Ohio	536, 949
Oklahoma	176, 169
Oregon	51, 053
Pennsylvania	744, 081
Rhode Island	66, 564
South Carolina	56, 284
South Dakota	141
Tennessee	81, 135
Texas	433, 577
Utah	9, 788
Vermont	5, 879
Virginia	552, 119
Washington	433, 376
West Virginia	98, 661
Wisconsin	152, 278
Wyoming	4, 883
Off Continent	72, 298
Unassignable	830, 735

TABLE 3.—*Distribution of major defense contracts awarded by the War and Navy Departments, by Federal Reserve District and Industrial Area, June 1, 1940, to June 30, 1941*

[Thousands of dollars]

Grand total	13, 083, 483
Continental United States	12, 109, 470
1. Boston district, total	1, 454, 809
Boston	625, 231
Hartford	264, 332
Manchester	6, 238
New Haven-Waterbury	67, 605
New London	126, 210
Newport	7, 196
Pittsfield	11, 734
Portland-Bath	172, 223
Portsmouth	5, 025
Providence-New Bedford-Fall River	32, 379
Springfield-Holyoke	23, 822
Worcester	27, 682
Remainder of district	85, 132
2. New York district, total	2, 131, 596
Albany-Schenectady-Troy	191, 817
Binghamton	7, 920
Bridgeport	132, 944
Buffalo	192, 517
Dover	12, 718
Nassau	130, 423
Newark-Jersey City	811, 916
New York City	424, 166
Rochester	66, 755
Syracuse	24, 596
Utica	55, 498
Remainder of district	80, 326
3. Philadelphia district, total	1, 199, 897
Allentown-Bethlehem	61, 159
Bloomsburg	61, 275
Camden	565, 418
Johnstown	134
Philadelphia	395, 837
Reading	9, 580
Scranton-Wilkes-Barre	7, 152
Trenton	10, 288
Wilmington	7, 313
Williamsport	16, 047
York-Harrisburg-Lancaster	42, 303
Remainder of district	23, 391
4. Cleveland district, total	680, 786
Akron	32, 168
Canton	29, 413
Cincinnati	44, 299
Cleveland	197, 330
Columbus	23, 433
Dayton	40, 143
Erie	9, 588
Mansfield	513
Pittsburgh	101, 273
Ravenna	75, 845
Springfield	4, 544

TABLE 3.—*Distribution of major defense contracts awarded by the War and Navy Departments, by Federal Reserve District and Industrial Area, June 1, 1940, to June 30, 1941*—Continued

[Thousands of dollars]

Continental United States—Continued.	
4. Cleveland district—Continued.	
Toledo	28, 257
Wheeling	10, 983
Youngstown	23, 642
Remainder of district	59, 355
5. Richmond district, total	1, 164, 718
Alexandria	10, 374
Baltimore	299, 166
Charleston, S. C	18, 563
Charleston, W. Va	53, 981
Indianhead	6, 210
Norfolk-Newport News	421, 929
Radford-Pulaski	89, 638
Richmond	5, 758
Remainder of district	259, 099
6. Atlanta district, total	558, 553
Atlanta	37, 518
Birmingham	12, 710
Chattanooga	16, 839
Childersburg	99, 613
Knoxville	5, 461
Mobile-Pascagoula	101, 053
Muscle Shoals-Sheffield	6, 500
Nashville	4, 312
New Orleans	11, 541
Remainder of district	263, 006
7. Chicago district, total	1, 583, 073
Anderson-Muncie	7, 488
Battle Creek	16, 950
Cedar Rapids	3, 268
Chicago	312, 731
Detroit	584, 614
Des Moines	575
Flint	30, 797
Fort Wayne	3, 540
Grand Rapids	1, 291
Indianapolis	79, 128
Manitowac	34, 642
Milwaukee	73, 052
Muskegon	47, 646
Peoria	1, 231
Rockford	24, 684
Rock Island	4, 643
Saginaw-Bay City	41, 893
South Bend-La Porte	127, 837
Waterloo	143
Remainder of district	186, 920
8. St. Louis district, total	572, 507
Evansville	1, 829
Louisville	169, 885
Memphis	4, 739
Milan	47, 675
St. Louis	260, 794
Remainder of district	87, 585

TABLE 3.—*Distribution of major defense contracts awarded by the War and Navy Departments, by Federal Reserve District and Industrial Area, June 1, 1940, to June 30, 1941*—Continued

[Thousands of dollars]

Continental United States—Continued.	
9. Minneapolis district, total	51,391
Minneapolis-St. Paul	44,278
Remainder of district	7,113
10. Kansas City district, total	439,152
Denver	121,591
Kansas City	46,205
Omaha	13,308
Wichita	81,081
Remainder of district	176,967
11. Dallas district, total	436,455
Dallas-Fort Worth	218,617
Houston	18,449
Orange-Port Arthur-Beaumont	105,533
Remainder of district	93,856
12. San Francisco district, total	1,836,533
Bellingham	1,408
Bremerton	4,671
Los Angeles	651,244
Portland	38,044
Salt Lake City	1,075
San Diego	259,542
San Francisco-Oakland	348,720
San Jose	10,273
Seattle-Takoma	422,567
Vallejo	16,680
Remainder of district	82,309
Off continent	72,352
Unassignable	901,661

TABLE 4.—*Percentage distribution of prime contracts and Government financed facilities by regions as of June 30, 1941*

Region	Percentage of manufacturing workers	Percentage of value of manufactured products	Percentage of value of prime contracts		Percentage of estimated cost of Government-financed facilities (May 31, 1941)	
			War Department only	War and Navy Departments	War Department only	War and Navy Departments
United States	100.0	100.0	100.0	100.0	100.0	100.0
New England	12.1	8.6	6.0	12.9	2.5	6.7
Middle Atlantic	28.6	28.2	22.5	27.3	7.3	19.1
East North Central	27.8	30.8	27.2	18.4	40.5	32.8
West North Central	4.8	6.8	8.2	5.0	15.3	8.2
South Atlantic	12.6	9.5	8.9	11.3	12.9	12.6
East South Central	4.6	3.5	4.7	3.5	11.0	8.5
West South Central	3.4	4.5	7.8	5.4	4.8	3.9
Mountain	.7	1.5	2.4	1.2	3.1	1.5
Pacific	5.4	6.6	12.3	15.0	2.4	6.4

TABLE 5.—*Regional distribution of value of manufactured products, value of War and Navy Department prime contracts, and estimated cost of Government-financed facilities*

	Value of manufactured products [1]	Value of War and Navy prime contracts [2]	Estimated cost of Government-financed facilities [3]
	Percent	*Percent*	*Percent*
Continental United States	100.0	100.0	100.0
New England	8.6	12.9	6.7
Connecticut	2.2	4.9	3.0
Maine	.6	1.5	.1
Massachusetts	4.3	5.9	2.6
New Hampshire	.4	.1	.5
Rhode Island	.9	.5	.4
Vermont	.2	(4)	.1
Middle Atlantic	28.2	27.3	19.1
New Jersey	6.0	11.7	2.9
New York	12.6	9.5	7.9
Pennsylvania	9.6	6.1	8.3
East North Central	30.8	18.4	32.8
Illinois	8.4	3.0	6.8
Indiana	3.9	3.2	9.0
Michigan	7.6	6.5	7.3
Ohio	8.1	4.4	9.2
Wisconsin	2.8	1.3	.5
West North Central	6.8	5.0	8.2
Iowa	1.3	.6	1.4
Kansas	.8	.8	.6
Minnesota	1.5	.4	.2
Missouri	2.5	3.1	5.5
Nebraska	.5	.1	.5
North Dakota	.1	----------	----------
South Dakota	.1	(4)	----------
South Atlantic	9.5	11.3	12.6
Delaware	.2	.1	(4)
District of Columbia	.1	(4)	.4
Florida	.4	1.0	.1
Georgia	1.2	.7	.2
Maryland	1.8	3.0	2.6
North Carolina	2.5	.7	----------
South Carolina	.7	.5	.6
Virginia	1.8	4.5	5.3
West Virginia	.8	.8	3.4
East South Central	3.5	3.5	8.5
Alabama	1.0	1.8	4.5
Kentucky	.9	.4	1.3
Mississippi	.3	.6	.1
Tennessee	1.3	.7	2.6
West South Central	4.5	5.4	3.9
Arkansas	.3	(4)	----------
Louisiana	1.0	.3	(4)
Oklahoma	.5	1.5	.7
Texas	2.7	3.6	3.2
Mountain	1.5	1.2	1.5
Arizona	.2	(4)	----------
Colorado	.4	1.0	1.3

[1] Census of Manufactures, 1939.
[2] Contracts awarded from June 1, 1940, through June 30, 1941.
[3] Commitments of War and Navy Departments, defense prime contracts and Reconstruction Finance Corporation, through May 31, 1941.
[4] Less than 0.05 percent.

TABLE 5.—*Regional distribution of value of manufactured products, value of War and Navy Department prime contracts, and estimated cost of Govern-financial facilities*—Continued

	Value of manufactured products	Value of War and Navy prime contracts	Estimated cost of Government-financed facilities
Continental United States—Continued.			
Mountain—Continued.	*Percent*	*Percent*	*Percent*
Idaho	0.2	(4)	
Montana	.3	(4)	0.1
Nevada	(4)	(4)	
New Mexico	(4)	0.1	
Utah	.3	.1	.1
Wyoming	.1	(4)	
Pacific	6.6	15.0	6.4
California	4.9	11.0	4.6
Oregon	.6	.4	.1
Washington	1.1	3.6	1.7
Undistributed			.3

(4) Less than 0.05 percent.

TABLE 6.—*Regional distribution of manufacturing employment, value of War and Navy Department prime contracts, and estimated cost of Government-financed facilities*

	Manufacturing employment [1]	Value of War and Navy prime contracts [2]	Estimated cost of Government-financed facilities [3]
	Percent	*Percent*	*Percent*
Continental United States	100.0	100.0	100.0
New England	12.1	12.9	6.7
Connecticut	3.0	4.9	3.0
Maine	1.0	1.5	.1
Massachusetts	5.8	5.9	2.6
New Hampshire	.7	.1	.5
Rhode Island	1.3	.5	.4
Vermont	.3	(4)	.1
Middle Atlantic	28.6	27.3	19.1
New Jersey	5.5	11.7	2.9
New York	12.2	9.5	7.9
Pennsylvania	10.9	6.1	8.3
East North Central	27.8	18.4	32.8
Illinois	7.6	3.0	6.8
Indiana	3.5	3.2	9.0
Michigan	6.6	6.5	7.3
Ohio	7.6	4.4	9.2
Wisconsin	2.5	1.3	.5
West North Central	4.8	5.0	8.2
Iowa	.8	.6	1.4
Kansas	.4	.8	.6
Minnesota	1.0	.4	.2
Missouri	2.3	3.1	5.5
Nebraska	.2	.1	.5
North Dakota	(4)		
South Dakota	.1	(4)	

[1] Census of Manufactures, 1939.

[2] Contracts awarded from June 1, 1940, through June 30, 1941.

[3] Commitments of War and Navy Departments, Defense Plant Corporation and Reconstruction Finance Corporation through May 31, 1941.

TABLE 6.—*Regional distribution of manufacturing employment, value of War and Navy Department prime contracts, and estimated cost of Government-financed facilities*—Continued

	Manufacturing employment	Value of War and Navy prime contracts	Estimated cost of Government-financed facilities
	Percent	*Percent*	*Percent*
South Atlantic	12.6	11.3	12.6
Delaware	.3	.1	(4)
District of Columbia	.1	(4)	.4
Florida	.7	1.0	.1
Georgia	2.0	.7	.2
Maryland	1.8	3.0	2.6
North Carolina	3.4	.7	----------
South Carolina	1.6	.5	.6
Virginia	1.7	4.5	5.3
West Virginia	1.0	.8	3.4
East South Central	4.6	3.5	8.5
Alabama	1.5	1.8	4.5
Kentucky	.8	.4	1.3
Mississippi	.6	.6	.1
Tennessee	1.7	.7	2.6
West South Central	3.4	5.4	3.9
Arkansas	.5	(4)	----------
Louisiana	.9	.3	(4)
Oklahoma	.4	1.5	.7
Texas	1.6	3.6	3.2
Mountain	.7	1.2	1.5
Arizona	.1	(4)	----------
Colorado	.3	1.0	1.3
Idaho	.1	(4)	----------
Montana	.1	(4)	.1
Nevada	(4)	(4)	----------
New Mexico	(4)	.1	----------
Utah	.1	.1	.1
Wyoming	(4)	(4)	----------
Pacific	5.4	15.0	6.4
California	3.5	11.0	4.6
Oregon	.8	.4	.1
Washington	1.1	3.6	1.7
Undistributed	----------	----------	.3

[4] Less than 0.05 percent.

TABLE 7.—*War Department regional distribution of value of prime contracts and estimated cost of Government-owned facilities*

Regions by States	Value of prime contracts[1]	Estimated cost of facilities [2]	Regions by States	Value of prime contracts	Estimated cost of facilities
	Percent	*Percent*		*Percent*	*Percent*
Continental United States	100.0	100.0	Middle Atlantic	22.5	7.3
New England	6.0	2.5	New Jersey	7.0	.8
Connecticut	3.1	1.3	New York	9.8	4.2
Maine	.1	----------	Pennsylvania	5.7	2.3
Massachusetts	2.1	1.0	East North Central	27.2	40.5
New Hampshire	.2	----------			
Rhode Island	.4	(3)	Illinois	4.5	9.2
Vermont	.1	.2	Indiana	5.9	14.8
			Michigan	10.6	7.2

[1] Prime contracts are those of $10,000 and over awarded since June 1, 1940. Estimated cost of Government-financed facilities includes War and Navy Departments, Reconstruction Finance and Defense Plant Corporations, as well as project orders of $25,000 and over.

[2] Through May 31, 1941.

[3] Less than 0.05 percent.

TABLE 7.—*War Department regional distribution of value of prime contracts and estimated cost of Government-owned facilities*—Continued

Regions by States	Value of prime contracts	Estimated cost of facilities
	Percent	*Percent*
East North Central—Con.		
Ohio	5.2	9.2
Wisconsin	1.0	.1
West North Central	8.2	15.3
Iowa	1.0	2.8
Kansas	1.4	1.0
Minnesota	.2	----------
Missouri	5.4	10.6
Nebraska	.2	.9
North Dakota	----------	----------
South Dakota	(3)	----------
South Atlantic	8.9	12.9
Delaware	(3)	----------
District of Columbia	(3)	----------
Florida	.3	----------
Georgia	1.2	----------
Maryland	3.3	4.5
North Carolina	1.1	----------
South Carolina	.5	----------
Virginia	1.9	6.2
West Virginia	.5	2.2
East South Central	4.7	11.0
Alabama	2.5	7.0
Kentucky	.6	5.1
East South Central—Con.		
Mississippi	.3	----------
Tennessee	1.2	2.5
West South Central	7.8	4.8
Arkansas	.1	----------
Louisiana	.5	----------
Oklahoma	2.7	1.6
Texas	4.5	3.2
Mountain	2.4	3.1
Arizona	.1	----------
Colorado	1.9	2.8
Idaho	(3)	----------
Montana	----------	----------
Nevada	(3)	----------
New Mexico	.1	----------
Utah	.2	.3
Wyoming	.1	----------
Pacific	12.3	2.4
California	9.5	1.6
Oregon	.2	----------
Washington	2.6	.8

[3] Less than 0.05 percent.

TABLE 8.—*Cumulative percentage distribution of prime contracts and Government-financed facilities, by regions*[1]

Region	Through Oct. 31, 1940	Through Mar. 31, 1941	Through June 30, 1941
	Percent	*Percent*	*Percent*
Continental United States	100.0	100.0	100.0
New England:			
Contracts	16.9	13.8	12.9
Facilities	5.5	6.9	[2] 6.7
Middle Atlantic:			
Contracts	25.8	27.2	27.3
Facilities	24.1	20.6	[2] 19.1
East North Central:			
Contracts	14.7	17.4	18.4
Facilities	33.6	34.0	[2] 32.8
West North Central:			
Contracts	2.9	5.1	5.0
Facilities	4.0	6.8	[2] 8.2
South Atlantic:			
Contracts	15.1	12.1	11.3
Facilities	19.9	10.2	[2] 12.6
East South Central:			
Contracts	1.5	3.3	3.5
Facilities	1.7	9.3	[2] 8.5
West South Central:			
Contracts	2.9	2.4	5.4
Facilities	1.7	4.1	[2] 3.9
Mountain:			
Contracts	.1	1.4	1.2
Facilities	----------	1.6	[2] 1.5
Pacific:			
Contracts	20.1	17.3	15.0
Facilities	9.5	6.5	[2] 6.4

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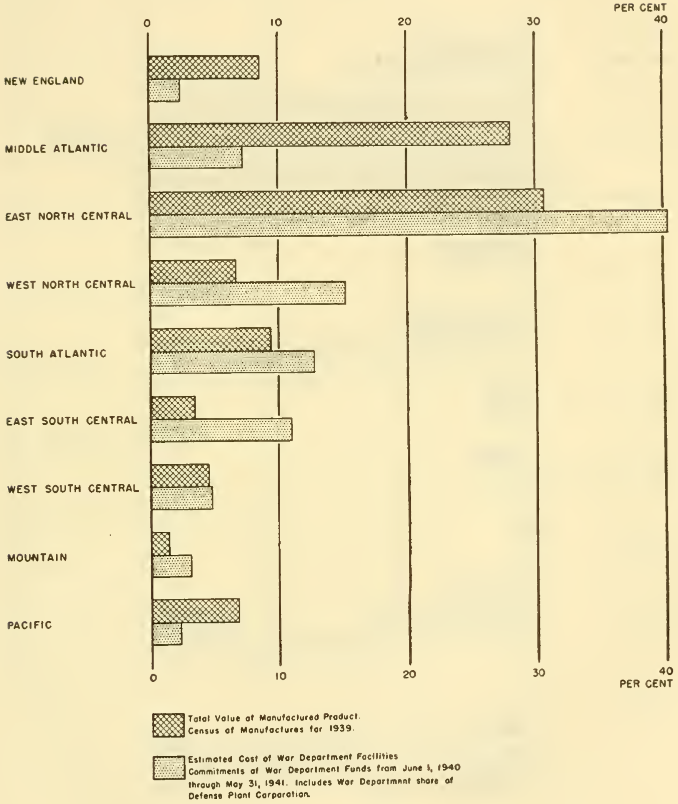
[1] Prime contracts are those of $10,000 and over awarded since June 1, 1940. Estimated cost of Government-financed facilities includes War and Navy Departments, Reconstruction Finance and Defense Plant Corporations as well as project orders of $25,000 and over.

[2] Through May 31, 1941.

REGIONAL DISTRIBUTION OF THE ESTIMATED COST OF NEW INDUSTRIAL FACILITIES FINANCED BY WAR DEPARTMENT FUNDS AND TOTAL VALUE OF MANUFACTURED PRODUCT



▨ Total Value of Manufactured Product. Census of Manufactures for 1939.

░ Estimated Cost of War Department Facilities Commitments of War Department Funds from June 1, 1940 through May 31, 1941. Includes War Department share of Defense Plant Corporation.

CHART I

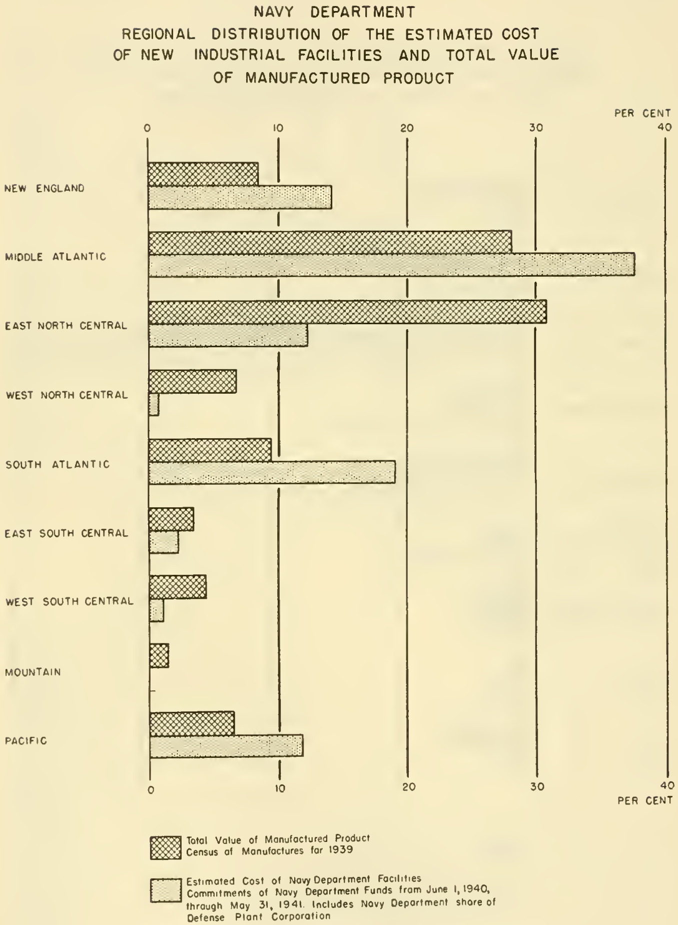

NAVY DEPARTMENT
REGIONAL DISTRIBUTION OF THE ESTIMATED COST OF NEW INDUSTRIAL FACILITIES AND TOTAL VALUE OF MANUFACTURED PRODUCT
PER CENT
0
10
20
30
40
NEW ENGLAND
MIDDLE ATLANTIC
EAST NORTH CENTRAL
WEST NORTH CENTRAL
SOUTH ATLANTIC
EAST SOUTH CENTRAL
WEST SOUTH CENTRAL
MOUNTAIN
PACIFIC
0
10
20
30
40
PER CENT
Total Value of Manufactured Product Census of Manufactures for 1939
Estimated Cost of Navy Department Facilities Commitments of Navy Department Funds from June 1, 1940, through May 31, 1941. Includes Navy Department share of Defense Plant Corporation

CHART II

NAVY DEPARTMENT
REGIONAL DISTRIBUTION OF PRIME CONTRACT AWARDS
AND TOTAL VALUE OF MANUFACTURED PRODUCTS

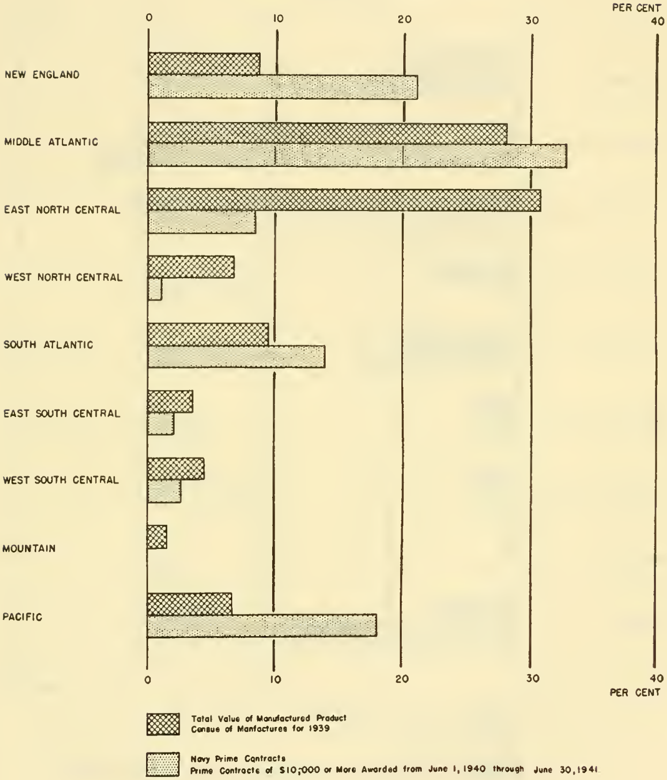
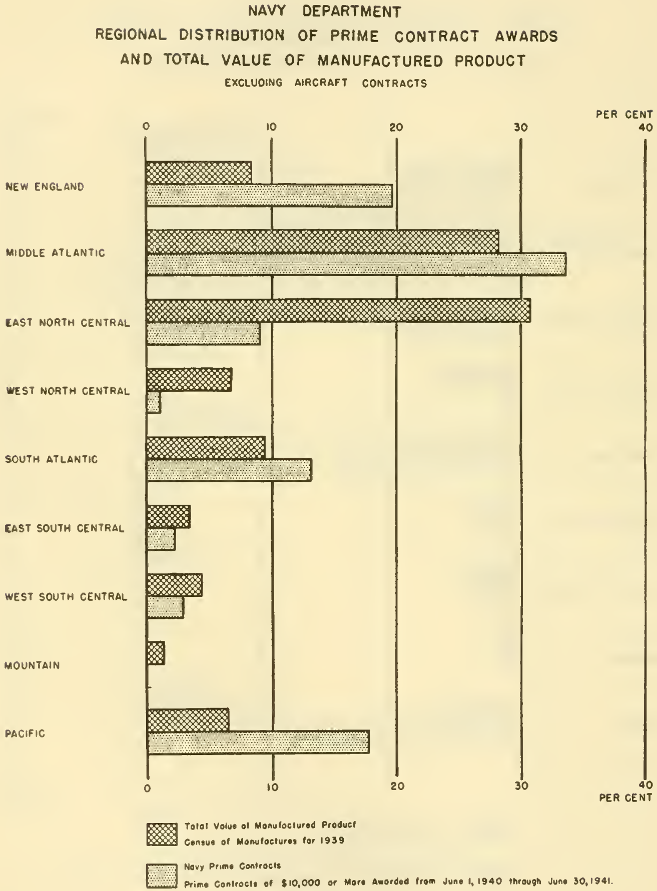


CHART III


NAVY DEPARTMENT
REGIONAL DISTRIBUTION OF PRIME CONTRACT AWARDS
AND TOTAL VALUE OF MANUFACTURED PRODUCT
EXCLUDING AIRCRAFT CONTRACTS
PER CENT
0
10
20
30
40
NEW ENGLAND
MIDDLE ATLANTIC
EAST NORTH CENTRAL
WEST NORTH CENTRAL
SOUTH ATLANTIC
EAST SOUTH CENTRAL
WEST SOUTH CENTRAL
MOUNTAIN
PACIFIC
0
10
20
30
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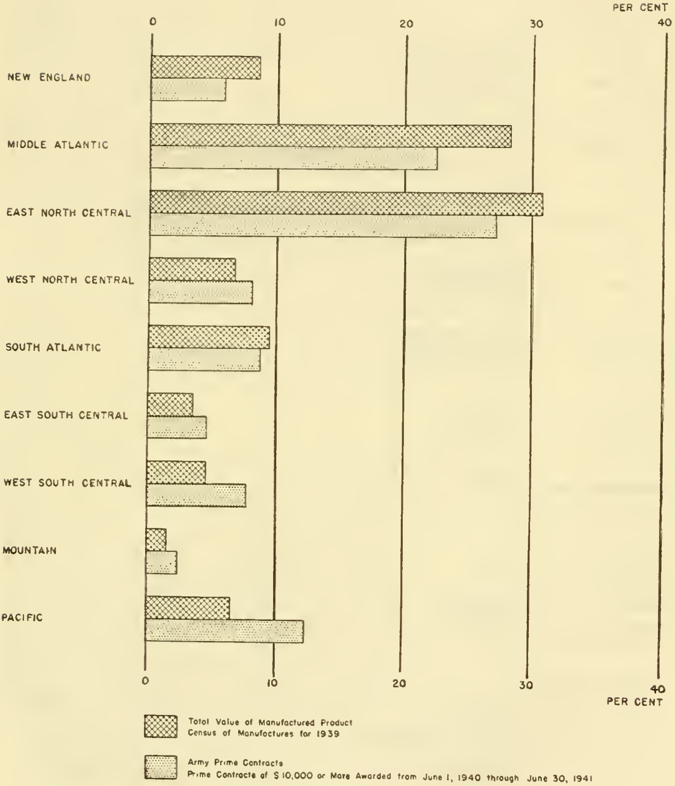
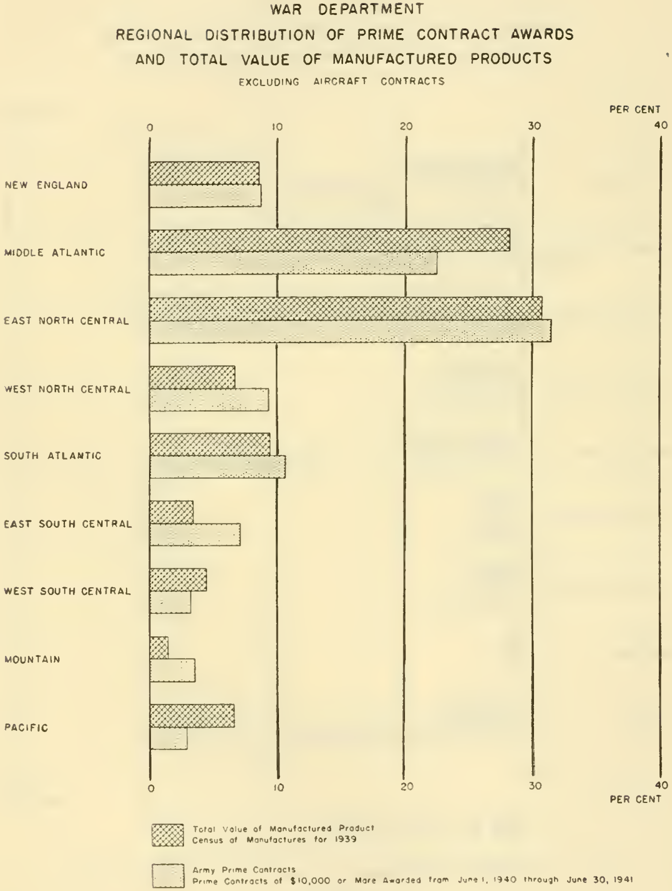
PER CENT
Total Value of Manufactured Product
Census of Manufactures for 1939
Navy Prime Contracts
Prime Contracts of $10,000 or More Awarded from June 1, 1940 through June 30, 1941.

CHART IV



WAR DEPARTMENT
REGIONAL DISTRIBUTION OF PRIME CONTRACT AWARDS AND TOTAL VALUE OF MANUFACTURED PRODUCTS
INCLUDING AIRCRAFT CONTRACTS

CHART V


WAR DEPARTMENT
REGIONAL DISTRIBUTION OF PRIME CONTRACT AWARDS
AND TOTAL VALUE OF MANUFACTURED PRODUCTS
EXCLUDING AIRCRAFT CONTRACTS
PER CENT
0
10
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30
40
NEW ENGLAND
MIDDLE ATLANTIC
EAST NORTH CENTRAL
WEST NORTH CENTRAL
SOUTH ATLANTIC
EAST SOUTH CENTRAL
WEST SOUTH CENTRAL
MOUNTAIN
PACIFIC
0
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40
PER CENT
Total Value of Manufactured Product
Census of Manufactures for 1939
Army Prime Contracts
Prime Contracts of $10,000 or More Awarded from June 1, 1940 through June 30, 1941

CHART VI

Exhibit 1

Regulation No. 6, Establishing a Plant Site Board in the Office of Production Management and Defining Procedure for Clearance of the Proposed Location of New or Additional Plants and Facilities Required for the National Defense

Whereas Executive Order No. 8629, dated January 7, 1941, created the Office of Production Management and charged it with certain duties, among others, pertaining to the formulation and execution of all measures needful or appropriate in order to increase, accelerate or regulate the provision of emergency plant or facilities required for the national defense, and the stimulation and planning of the creation of additional facilities and sources of production and supply; and

Whereas said Executive order charged the Office of Production Management with the duty of insuring effective coordination of those activities of the several departments, corporations, and other agencies of the Government which are directly concerned with the provision of emergency plant facilities required for the national defense; and

Whereas the Office of Production Management has heretofore, by its Regulation No. 2, promulgated March 7, 1941, vested in the Director of Purchases responsibility for the clearance, prior to award, of all major proposals for the purchase or construction by the War Department or the Navy Department of materials, articles or equipment needed for defense;

Now therefore, by virtue of the authority vested in the Office of Production Management by said Executive order, it is hereby ordered that:

(1) There is hereby established in the Division of Purchases a Plant Site Board, hereinafter referred to as the Board, consisting of five members, one of whom shall be Chairman. Three members of such Board shall constitute a quorum. The Director General, acting in association with the Associate Director General, shall appoint the members and designate the Chairman.

(2) Whenever the Secretary of War, the Secretary of the Navy, or the Reconstruction Finance Corporation or any subsidiary thereof proposes to undertake or to contract for the construction or installation of any substantial plant or facility or the expasion in a substantial measure of any plant or facility required for the national defense, or to make any loan or to purchase securities in order to finance such construction, expansion or installation, the Board shall review the proposed location of such plant or facility for clearance as hereinafter provided.

(3) The Board is authorized to enter into arrangements with any other department, corporation, or agency of the Government for the submission to it for clearance of the proposed location of any plant or facility required for the national defense, the construction, expansion, or installation of which such department, corporation, or agency proposes to undertake, contract for, or finance by making loans or purchasing securities. Any such arrangement shall relate only to the construction or installation of substantial plants or facilities, or the expansion in a substantial measure of a plant or facility.

(4) If any division, bureau, office, or officer of the Office of Production Management shall make any recommendation to the War Department, the Navy Department, or any other department, corporation, or agency of the Government with respect to the proposed location of any plant or facility required for the national defense, written notice of such recommendation shall immediately be given to the Board by such division, bureau, office, or officer.

(5) In reviewing for clearance the proposed location of any such plant or facility, the Board shall seek, insofar as it can do so consistently with due expedition of the program of defense production and appropriate factors of military strategy, to facilitate the geographic decentralization of defense industry and the full employment of all available labor and facilities.

(6) The Board shall seek to work in close cooperation with representatives of each such department, corporation, or agency from the outset of the process

of selection of the location of any such plant or facility. Any proposal which the Board disapproves shall, if such department, corporation, or agency so requests, be referred to the Council for final decision.

(7) Nothing herein shall be deemed to apply to (A) any proposal of the Secretary of War, or of any other department, corporation, or agency of the Government, to undertake or contract for the construction, expansion, or installation of any plant or facility required for defense with funds appropriated under any act which conditions the expenditure of such funds upon the recommendation of the Advisory Commission to the Council of National Defense (but the Director of Purchases shall serve as the liaison and channel of communication between the War Department or such other department, corporation, or agency and the Advisory Commission to the Couoncil of National Defense with respect to any such proposal), nor to (B) any construction within or addition to any existing navy yard or naval reservation.

(8) The term "substantial," as used herein, shall be defined from time to time by the Council of the Office of Production Management upon the recommendation of the Board. The Board, after consultation with representatives of the department, corporation, or agency affected, shall from time to time recommend such definition as it deems appropriate.

(9) The Board, through its chairman, shall make such regular or special reports as may from time to time be required by the Council.

(10) The Board shall supersede the Plant Site Committee authorized by the Council of March 17, 1941. Subject to the provisions of this regulation, the Board shall assume the duties and functions and continue the work of said committee.

WM. KNUDSEN,
Director General.

SIDNEY HILLMAN,
Associate Director General.

HENRY L. STIMSON,
Secretary of War.

FRANK KNOX,
Secretary of the Navy.

Approved:

JOHN LORD O'BRIAN,
General Counsel.

Attest:

HERBERT EMMERICH,
Secretary.

MAY 6, 1941.

EXHIBIT 2

JULY 2, 1941.

REGULATION NO. 6–A, AMENDING REGULATION NO. 6, DATED MAY 6, 1941, "ESTABLISHING A PLANT SITE BOARD IN THE OFFICE OF PRODUCTION MANAGEMENT AND DEFINING PROCEDURE FOR CLEARANCE OF THE PROPOSED LOCATION OF NEW OR ADDITIONAL PLANTS AND FACILITIES REQUIRED FOR THE NATIONAL DEFENSE"

The following paragraph should be inserted after paragraph (4) of Regulation No. 6:

(4A) If any division, bureau, office, or officer of the Office of Production Management proposes to make any recommendation to the War Department, the Navy Department, or any other department, corporation, or agency of the Government with respect to the construction or installation of any substantial plant or facility or the expansion in a substantial measure of any plant or facility required for the national defense, written notice of such proposed recommendation shall be given by such division, bureau, office, or officer to the Plant Site Board, and also to the Director of Purchases if such construction, installation or expansion involves a recommended estimated expenditure of $500,000 or more; and original evidence of the approval and clearance of such project by the Board, together with the data submitted to and considered by the Board, and original evidence of the approval and clearance of the proposal by the Director of Purchases in appropriate cases, shall accompany the recommendation to the War Department, Navy Department, or any other department, corporation, or agency of the Government.

WILLIAM S. KNUDSEN,
Director General.
SIDNEY HILLMAN,
Associate Director General.
HENRY L. STIMSON,
Secretary of War.
FRANK KNOX,
Secretary of the Navy.

Approved:

JOHN LORD O'BRIAN,
General Counsel.

Attest:

HERBERT EMMERICH,
Secretary.

TESTIMONY OF DONALD M. NELSON—Resumed

The CHAIRMAN. Now, I would like to quote from your statement the following:

> One disturbing effect, both immediately and for the long run, would be a large and disorderly migration of labor. Consequently the Division of Purchases has consistently sought to advise the placing of defense orders in such places and in such manner as to cause a minimum of labor migration.

Mr. NELSON. That is right.

The CHAIRMAN. That is right down our alley. That is what we are very much interested in. I just want to let you know that we desire to get all the information we possibly can on migration to defense centers, and we welcome you here, Mr. Nelson. Congressman Curtis will ask you a few general questions.

Mr. NELSON. All right, sir.

Mr. CURTIS. Mr. Nelson, your home, I believe, is in Kansas City?

Mr. NELSON. No, sir; my home is in Chicago. I was born in Hannibal, Mo. I went to school at the University of Missouri, at Columbia, Mo.

The CHAIRMAN. What year was that?

Mr. NELSON. I went to school there in 1907 to 1911. I graduated in 1911.

Mr. CURTIS. When did you join the Office of Production Management?

Mr. NELSON. Just a year ago.

Mr. CURTIS. Prior to that time what was your business?

Mr. NELSON. I was with Sears, Roebuck & Co., executive vice president of Sears, Roebuck & Co., in Chicago.

Mr. CURTIS. Mr. Nelson, will you discuss the ways in which the Division of Purchases of the Office of Production Management seeks to keep labor migration at a minimum?

Mr. NELSON. Yes, sir; although that will be a long story, sir.

Mr. CURTIS. I realize your whole paper is on that subject, but just touch on some of the highlights as they appear to you.

Mr. NELSON. Let me touch on a few of the highlights because to me that is one of the most important single things before us.

I have felt, of course, in our defense program, that our primary responsibility is to get goods as quickly as possible—as quickly as the

Army needs them and consistent with all of that the background of our purchasing should be that of trying to prevent undue migration of workers. I feel that it would be perfectly possible to win a war or lose it through economic dislocation in the United States. It might shatter our whole economy after this tremendous defense program is over, and in every way conceivable, by every knowledge of purchasing, which I have, I have tried to help advise the Army to do those things which would prevent undue migration.

CHANGED "F. O. B. DEPOT" TO "F. O. B. PLANT"

I will only give you a very few small things at first and then we will move up to the bigger ones. When I came down here I found that in the purchase of clothing and, as a matter of fact, most quartermaster supplies, they were being quoted f. o. b. depot. We got the Army to agree to change that to f. o. b. plant, with the thought that by doing that we would get a wider distribution of business over the United States, and that immediately resulted.

In clothing, pants, overcoats—not so much overcoats because they are primarily made in New York City, but in pants, shirts, and many things of that kind they are being produced now all over the United States, instead of just in a small area around the depot.

In other words if these orders had all been placed with the concerns immediately adjacent to the depot, who had a freight advantage and by that reason would have been able to expand their businesses, they would have drawn in workers from all over the United States and you would have gotten a much greater migration than you have at present.

I merely give that as an example of one thing.

Mr. Curtis. But in caring for these groups you feel you would have spent much greater sums than the Government might have had to pay because of additional freight charges?

Mr. Nelson. No, sir; I believe it has been possible to do this without the payment of extra money, because these goods are used at various places around the United States.

It included establishing new depots and new distribution points so the Government didn't lose money. As a matter of fact it actually saved money.

What has happened is that a large number of new facilities have been trained to make Government merchandise, so that in case there is much greater haste necessary we would be able to procure larger quantities much quicker than if only a few concerns got this business.

Now, I merely cite that as example of one little thing, perhaps, which I think has had a big effect.

SCOPE OF O. P. M. PURCHASING DIVISION

Mr. Curtis. May I interrupt and ask in the particular branch that you have charge of, do you purchase everything there?

Mr. Nelson. Well, sir, we do no purchasing ourselves. Ours is an advisory function.

Mr. Curtis. I mean, do you supervise the purchasing of all articles?

Mr. Nelson. Our executive order covers everything, but in actual practice the Division of Production covers many items where production is much more important than purchasing.

For example, if you are buying 155-inch gun mounts there are only a very few concerns that could make them. The arrangement for production of that kind is much more important than the actual purchasing.

Our Office, however, clears all contracts over $500,000. All of them come through our office—are seen by us—and anything in connection with them may be taken up with any division of the O. P. M., as well as any division of the Army or the Navy, with the idea of trying to get, so far as we can, greater distribution of these orders, greater distribution of plant facilities throughout the United States, both Government-owned and those financed by industry.

Now, I would like to point out, sir, that every purchase is a compromise. We have to get these things quickly. We want to get them when we want them. Therefore, in many cases you must do the expedient thing, rather than the wise thing, and in each case there is that compromise and it requires fine shades of judgment as to whether it is better to place business with concerns that are now equipped to make it or to build a new concern to do it.

Take for example, the aircraft industry. Now, certainly, from the standpoint of migration of workers, from the standpoint of strategic location, it is wrong to manufacture airplanes on the two coasts. But still the primary object is to get airplanes and get them rapidly.

Therefore, we had to place business and had to spend millions of dollars expanding plants in locations that we knew would cause migration, as the Congressmen are aware—San Diego, Los Angeles, Baltimore, and other places.

We just had to get airplanes quickly and, therefore, each decision is a compromise which requires fine shades of judgment.

DISLOCATION OF MEN AND SKILLS

But I can say to you, sir, that from the standpoint of the Division of Purchases, and, I believe, from the rest of O. P. M., we have constantly had our minds on this subject which you are now investigating, realizing that there would be a relief problem after this is all over that might destroy our whole economy, if too great dislocation of workers occurred. If you had migrations from centers of the United States to the present industrial areas, you would in a sense create an economic desert in certain parts of the United States, if you didn't do everything you could to try to take business to the workers rather than taking the workers to the business.

Mr. Curtis. And it is entirely possible to drain certain areas of certain needed skills, too, is it not?

Mr. Nelson. Yes, sir; and the thing that worries me more than anything else about it is that when the skilled worker moves out the machine that he formerly operated is no longer of any value because there are no skilled workers. Then you move the machinery out and when that is done permanent dislocation has occurred, which probably never will be remedied or probably will be remedied only after a long period of time.

Mr. Curtis. Is it also your opinion that when this defense effort is over and millions are out of jobs, defense jobs, that those people are better off if they are at home or near home, where they know the ins and outs of business better and where they are among their friends and families?

Mr. Nelson. Unquestionably, sir, if only from the standpoint of dollars and cents. I know from experience. Take a State like Missouri. The workers in those small towns own their own small homes. They have a garden or their neighbors have a garden; they have a cow or the neighbors have a cow and they are able, in periods of stress, to take care of themselves without the expenditure of large amounts of money on the part of the Government.

Move those people into a large city and then you have to provide them, in addition to all of their sustenance, their rent as well. The relief burden after this thing is all over would be perfectly tremendous if we didn't pay attention to this subject of preventing, insofar as possible, these migrations—these large migrations of workers from their homes to present industrial centers.

Mr. Curtis. I have in mind a letter that I received from a school superintendent in one of my cities, pointing out that very thing. The angle that he mentioned was that that whole territory—and he lives in a town of about 18,000 people—is being drained of all its young people, and that it has already been shown that the average age of the people living in that area, according to the letter, is much greater than it was 2 or 3 years ago.

Mr. Nelson. Yes, sir.

Mr. Curtis. Which, of course, is going to lead to complications where in certain States or certain localities in a few years from now everyone living there will be old people and children and the productive people have gone to other places.

REQUIREMENTS OF AIRCRAFT MANUFACTURE

Mr. Nelson. It certainly will, sir; but that is the thing that has been very difficult to prevent, because the aircraft industry requires very large concentrations of young people who can become proficient in a short space of time. As you go through the aircraft factories on the coast, which I did last week, you are impressed with the large numbers of young people who have moved into those areas.

Now, it isn't possible to make aircraft except in large plants. It just isn't possible to create aircraft factories in many parts of the country. I think if you will notice the pattern of the placing of these aircraft plants you will find that they have attempted to put plants in places like Omaha, Kansas City, Tulsa, Fort Worth, Dallas, with the thought that eventually, as those plants begin to grow, they will begin to take care of at least part of the migration.

Mr. Curtis. I understand that the Glenn L. Martin Co. subcontracts about 60 percent of the material that goes into some of their products.

Mr. Nelson. It is not quite that much, as far as I know. It may be somewhere close to that.

Mr. Curtis. That is what Mr. Martin testified at the Baltimore hearing.

Mr. Nelson. It was? I am glad to hear it is as much as 60 percent because certainly by subcontracting you can prevent a part of this migration. Instead of putting up all the machinery to make everything, if you can place orders for that in spots where the machinery is now located and help train and teach those small manufacturing plants to do part of the job, you will go a long way toward preventing, in my opinion, the extreme and disastrous result that might come through the fact that we just had to build larger plants in both coast areas.

SMALLER BUSINESS ACTIVITIES

Mr. CURTIS. It has been my observation that there are a number of very small towns and cities that have some fairly well equipped shops. It would take some time to make the adjustment, but I believe in due time they can very efficiently produce certain parts of airplanes and parts for other products.

Mr. NELSON. It is my belief that we haven't done nearly enough to bring that type of manufacture into the picture.

While I was with the National Defense Commission I created an organization which we called smaller business activities with the thought of working toward that very thing. That has been enlarged and amplified now in the Contract Service Division, which is under the Production Division of O. P. M. I know that the organization is being set up to do that and more of it is being done, but I still feel that it is slower than it need be.

Mr. CURTIS. How is the work of the Division of Purchases tied in with the work of the Plant Site Board?

Mr. NELSON. Well, sir, in this way: I as Director of the Division of Purchases am also the chairman of the Plant Site Board. That is how it is tied in now, because we clear all of the contracts.

Mr. CURTIS. By "plant site" are you referring just to industrial sites or does it include Army camps and cantonments?

Mr. NELSON. No, sir; it does not include Army cantonments, camps, depots, or supply bases, which are located strictly from a strategic point of view.

It includes those plants for manufacturing things which the Government wants made.

PROCEDURE OF PLANT-SITE BOARD

Mr. CURTIS. Tell us a little bit about the procedure of the Plant Site Board—how do you operate?

Mr. NELSON. Well, sir, all expenditures by the Government for more than $500,000 for the expansion or the building of new facilities, is cleared by the Plant Site Board. Now, the Plant Site Board consists of five people. There is Governor Townsend—ex-Governor of Indiana. Mr. Oliver from the Labor Division of O. P. M., Mr. Johnson of the Production Division, and Mr. Fuller, who has just resigned from O. P. M.

Now, this group of five have attempted—not to exercise primarily a veto power over these plant sites, because that creates delay—in every instance to work very closely with the different branches of the Army and Navy who are considering the location of plant sites so that we may get in on it as early as possible—to give them the benefits of such advice as we could with respect to one of the very things you are talking about, the availability of labor.

We have attempted to point out to them certain areas of the United States where there were large reservoirs of labor, of various kinds of skills. We have pulled into that all of the statistical branches of the Government which could get us that information.

We have attempted to work with them to show them the necessity for the pushing of these plants into the interior of the United States, particularly into the West and into the South where this migration problem is already particularly acute.

A great deal has been done, I believe. Governor Townsend submitted a map to you showing you, since the Site Board was established, the value of these facilities that had been put into the West and into the Southwest.

In each instance we have gotten good cooperation from all of the procurement agencies of the Army and the Navy who were dealing with this problem.

They were not required to submit them to us until after all of the planning work had been done, but through cooperation we get into it in the very early stages, when they are planning it, so we can suggest certain areas where we believe that plants ought to be located in order that this problem may be handled as well as possible.

I could go into great detail on it, but I don't believe you want any more detail than that. But that is the way our Plant Site Board operated.

READJUSTMENT OF ARMY AND NAVY PROPOSALS

The Army and Navy, in other words, submit their more or less technical decisions from the standpoint of military necessity, and then we supplement it with all the various material which we can get on the availability of workers, the housing—which is another very important thing to me—for the Government to have to go out and create tremendous new housing facilities when, if you go into certain areas where there are idle workers the housing is there for them already, seems like a waste of money.

If you can put a plant where houses exist already you save a lot of money for the Government, and it has been possible in many instances to point out to the Army and the Navy all of those factors.

Then again if you take out of production very rich farm land—20 or 30 thousand acres—to make a plant site for an ammunition plant you have created a little desert out of land formerly productive and would continue to be productive. It would be taken out of its present productive status, and a lot of people would lose their present work and would have to move into new locations.

Now, it has been possible by working with the Army and Navy to get a readjustment of their ideas about where a plant should be located so it would not do that very thing to rich farm land.

Mr. Curtis. I think I mentioned to Governor Townsend yesterday that I had in mind a city of a little less than 100,000 people and they made a survey and found that they could house approximately 4,000 additional people and that that available housing was so located that their school system could absorb the increase without any added plant facilities. Are surveys of that type valuable to you?

Mr. Nelson. They are very valuable. Any that you get like that if you will give them to us we like to have them because it will enable us to make a study of it, and in case expansions are required we point out those locations.

Now, oftentimes it is not possible to use them even, though you know they should be located there, because if you are going to set up an aircraft-engine plant you need the very highest degree of mechanical skill to make aircraft engines.

Well, unless that particular skill is available in the community in large enough numbers, you will have to bring new people into the community to supply the skill, so that that is where this fine question of judgment that I told you about applies in connection with locations. But we are anxious to have them, and if you would just give us that information we would be very glad to have it.

Mr. CURTIS. I will be very glad to see that you get it.

Mr. NELSON. We will be glad to have it, to see that that location is pointed out and considered.

GUIDANCE FOR PRIVATE INDUSTRY

Mr. CURTIS. Does the Plant Site Board ever veto a site selected by the Army?

Mr. NELSON. Well, as I said we don't like the job of vetoing things. We have been able to cooperatively work out with them these things to such an extent that if they know we are against a site they have tried to pick another one.

Mr. CURTIS. In other words, you have changed their minds sometimes?

Mr. NELSON. We have, sir. And I have been very happy to see the degree of cooperation that we have gotten from both the Army and the Navy in connection with locations which to them appeared, from the technical side of it, ideal, but which, when all of the factors are considered, including this subject of migration, the building of houses and schools, and new facilities, churches, and sewers, has disadvantages, they have worked with us to help pick the new site.

Mr. CURTIS. Does that apply to private industry also?

Mr. NELSON. Yes, sir; to a more or less limited extent.

Now, in the case of Government funds it is comparatively easy to do the job, because the Government pays for this plant. In the case of private industry you have another problem that enters into it, and that is the question of division of supervision, which is very difficult to get around.

For example, a plant may be located at Hartford, Conn. They now have their supervisory force there—management is there. Well, it might be perfectly logical that that plant ought to be located, we will say, at Lincoln, Nebr. From all points of view that might be the ideal town, from the standpoint of skills and other things. Well, that management would have to travel so far and dilute itself so much that a great delay would occur in getting started, and if it is important that that particular thing be made very quickly, we haven't been able to move those to the distances that we would like to on account of that division of supervision.

That has been one of the most important single things that we have had to consider in connection with these individual plant sites.

Mr. CURTIS. The earlier that you undertake to work with the Army or the Navy on any particular problem the greater good you can do?

Mr. NELSON. Without any question; there is no doubt about that and that is why we have attempted, as I say, instead of exercising a veto right, to go to them at their earliest indication, before they even have the funds or are only thinking of getting the funds. We can point out at a very early stage the advantages or disadvantages as we see them, of that particular site, from the standpoint of the very problems you are studying.

PROSPECTIVE UNEMPLOYMENT IN NONDEFENSE INDUSTRIES

Mr. CURTIS. Is it possible to estimate, approximately, the volume of unemployment which may be expected to materialize in the nondefense production due to priorities, shortages, and agreements such as in the automobile industry?

Mr. NELSON. No, sir. You can make some approximations but they have to be founded on conclusions which take a lot of theory.

Now, we would have to, before locating a new plant site in Detroit at the present time, try to estimate as best we could what the dislocation was going to be to the automobile industry.

Now, we would assume, for example, that it was going to be as much as 50 percent—not because we wanted it to be 50 percent, but because that seemed probable, from the standpoint of the availability of materials and such things in the Detroit area. We actually used a figure of somewhere around 50 percent reduction in the automobile industry in Detroit, to calculate what the unemployment would be as a result of that, to take up the slack in the new industryy to go in there.

Now, we have done that in various spots, but we haven't done it for the United States as a whole because it involves some assumptions that we feel are premature.

Mr. CURTIS. Do you believe that this factor is a persuasive reason for placing contracts in the already concentrated industrial areas?

Mr. NELSON. I think it may be, sir, if, for instance, you know that that industrial area is making products that are going to be curtailed. I feel that you should take that into account insofar as you possibly can.

Mr. CURTIS. But the chances are that already that same community has some other firms that are on the program of expansion.

Mr. NELSON. That also has to be taken into consideration. In other words, that is again where this fine line of judgment occurs. You have that very fact existing—tremendous expansions, we will say, in defense areas.

Now, if that expansion alone will take up the probable decrease in employment as a result of priorities and restrictions, it would be illogical to locate other plants there.

POWER AS A FACTOR IN PLANT LOCATION

Another factor that has to be carefully considered is the power factor in a location. We don't want to keep adding facilities and overtaxing the present power facilities of an area.

Mr. CURTIS. You are referring to electrical power?

Mr. NELSON. Electrical power; yes, sir.

Mr. CURTIS. The other day Mr. Hillman said there were 2.7 million workers engaged in defense manufacturing today. Do you believe that the addition of this number within the last year or so has already caused a general labor shortage or is the labor shortage localized?

Mr. Nelson. It is localized, sir. It is not general. There are labor shortages of particular kinds of skills in places, but I think that the training program that has gone right along hand in hand from the start has been a very smart thing, in helping prevent those labor shortages of certain skills.

Mr. Curtis. Mr. Nelson, I, as one member of the committee, am very glad you could be here. I am very pleased with the approach your division has made to this matter.

That is all, Mr. Chairman.

The Chairman. Congressman Arnold.

MANUFACTURE OF CLOTHING FOR THE ARMY

Mr. Arnold. I was interested in your statement, Mr. Nelson, that the manufacture of clothing for the Army has been spread over the country. Has that spread been pretty general?

Mr. Nelson. Yes, sir. I would like to show you those figures. I would be glad to show you a map of how that spread has occurred, sir, even into a State like Texas that formerly had made very little clothing for the Army—probably never had made any before—but is now making things like pants and shirts for the Army.

That is also true of mattresses and it is true of many things that the quartermaster buys.

Mr. Arnold. I am sure the committee will be very interested in having those figures.

Mr. Nelson. I shall be very glad to give them to you.

Mr. Arnold. Are those manufactured articles that were formerly manufactured in the East for the most part?

Mr. Nelson. For the most part that has been done right around Philadelphia. If you will look at the peacetime buying, which, of course, was relatively small, you will find that most of it occurred right around the Philadelphia depots.

These concerns in the Middle West and in the South and Southwest had done very little Government business before.

Mr. Arnold. Do they have as efficient plants as they have in the East?

Mr. Nelson. In my opinion, sir, just as efficient and in many cases more efficient.

Mr. Arnold. Is anything being done to increase the efficiency of those plants throughout the country—any coordinated effort being made to bring up their efficiency?

Mr. Nelson. Well, of course, the very fact of giving business to them and giving them the benefit of Government inspection helps to increase their efficiency. In other words, efficiency usually comes in the clothing industry from a repetition of the operation.

TIME AND QUALITY ARE MAIN SPECIFICATIONS

Now, the two things that force efficiency are, first, the requirement that they produce whatever they take by a certain time or pay a penalty and, secondly, that they produce it of the quality demanded by the Army. Now, those two things, to my mind, bring about an increase in efficiency in any company that takes a large amount of Government business.

Mr. Arnold. The reason I asked that question was because in May of 1938 I was traveling by train back to Illinois, and going up to the diner I passed through three pullman loads of German industrialists. One of them had a son who lived in Texas, who was acting as interpreter. They had been here to Washington and, naturally, I was anxious to know what they were in this country for and what they were doing. Of course, at that time I didn't think of a war, and I don't know whether they did or not.

Mr. Nelson. Very few of us did.

Mr. Arnold. But they were manufacturers employing up to 2,000 people. They were here inspecting our knitting mill and other machinery. They acknowledged it was more efficient than the German machinery, and they were here to bring up the efficiency of their own plants.

All of their inspections had been in the East. They were on their way out to the Ford plant, I think, just as a side trip.

Mr. Nelson. Well, you will find today, sir, that throughout the Middle West and the South those plants, particularly making things like pants and shirts, tents, tarpaulins, and a wide variety of things where those skills can be developed, have greatly improved their efficiency in the last year.

Mr. Arnold. And their machinery is just as efficient?

Mr. Nelson. Yes; their machinery is just as efficient.

Mr. Arnold. And you believe that they will be adequate for all our requirements?

Mr. Nelson. Yes, sir; more than adequate. I think that by getting Government orders they have thereby learned how to do business with the Government, and it isn't easy to do business with the Government because it is a different method of doing business, but the very fact that they get acquainted and know how to do it, in my opinion, makes them valuable potential suppliers.

REJECTIONS BY PLANT-SITE BOARD

Mr. Arnold. The committee seems to be interested in the work of the Plant Site Board. Have there been any instances in which the Plant Site Board has rejected a plant site proposal because it believed housing and other community facilities in the area were inadequate?

Mr. Nelson. Yes, sir; and there was one that it almost broke my heart to reject—it was on beautiful land, but it would have required the building, in our opinion, of a new city at that site—churches, schools, fire department, police department. There just wasn't, on the basis of the facts and figures, the available labor at that particular site, although it was ideal, technically, for the manufacture of smokeless powder, TNT, and DNT. It was possible to relocate that plant where there are already housing facilities. I know that particular territory well. I lived in it as a boy and I certainly would like to have seen the plants there but to me it seemed illogical to locate a plant where you would have to build an entirely new community and cause migration into that area.

Mr. Arnold. And did you not want to see that good land used for that purpose?

Mr. Nelson. The best farm land in the United States.

Mr. Arnold. But the prime consideration was the lack of facilities?

Mr. Nelson. That is right, sir.

Mr. Arnold. Has the Plant Site Board made any efforts to secure the extension of community facilities when, for other reasons, it seemed desirable to locate or expand a plant in a given area?

Mr. Nelson. Oh, yes. We are working very closely with the Housing Coordinator. Facilities have to be put up at some plants where the only thing to do was to locate it in that particular area.

Mr. Arnold. They had to be located there and so the facilities had to go in?

Mr. Nelson. Had to go in; yes.

LABOR SHORTAGE, UNEMPLOYMENT, AND MIGRATION

Mr. Arnold. You indicate in your paper that you fear an acute general labor shortage next year when the greater part of the new facilities under construction will get into operation. Another point you indicate is that considerable unemployment may materialize in nondefense industries due to shortage of materials, priorities, and agreements in the automobile industry. Will you discuss the seeming contradiction in those two statements?

Mr. Nelson. Well, sir, it all has to do with this matter of migration. My two statements are from this point of view: You may have in places where these defense plants are now located, a shortage of skilled labor but you will have a general and diverse unemployment due, let us say, to the cutting down of the automobile production by as much as 20 percent, which would create collateral unemployment in many many areas of the United States other than Detroit.

Here is a company making glass for the automobile industry, making carbureters, making spare parts of one kind or another—it may be the textile fabrics that go into the automobile—but the minute you make a curtailment you have unemployment, relatively small, that is true, but in many areas of the United States.

Industries like the automobile industry or the refrigerator industry or other luxury industries may have to be cut down as a result of the necessity for using those facilities for defense purposes. You see what my point is?

STATE EFFORTS AT POOLING FACILITIES

Mr. Arnold. That answers the question. We understand that, in several States, State industrial committees have been set up to work out pooling arrangements within the State and thus assist in the decentralization of contracts.

Will you indicate in how many States such committees have been set up and how effective they are?

Mr. Nelson. Well, I think, sir, in a large number of States committees of one kind or another have been set up. They really haven't been effective except in a few areas. I can point out, for instance, an area like York, Pa., where they have done a magnificent job of pooling the available facilities in a location to take a defense contract.

In York there are several very good industries like the York Ice Machine Co., and York Safe & Lock. Now, they have pooled the resources of that particular area to take very large Government contracts and they have done a grand job.

That is also occurring in States like Wisconsin, which, I believe, is beginning to do a good job. Connecticut has had a very good industrial organization, with the idea of calling to the attention of all the procurement facilities resources which might be pooled to take prime contracts, and I believe that the pattern is developing so that from now on it can become much more effective.

In a State like California, for instance, they are beginning to do a very good job. I spent some time with the chamber of commerce in Los Angeles last week and I think they are doing some very effective work in finding what the facilities are in their locality and what they might be able to make and in helping direct them to things that they might do, particularly in the subcontracting field.

Mr. ARNOLD. And also in the prime contracting field?

Mr. NELSON. Well, the prime contracting, of course, is different. I mean a prime contract usually involves large financial resources, management, engineering skill, organization, and it isn't easy to put prime contracts into the hands of a pooled group of manufacturers.

When the Army buys a machine gun, for example, they want and must have somebody to be responsible, so that the thing they buy is an efficient piece of mechanism and that it will do the job for which it was intended.

If you pool a group of people who may all be able to contribute parts to that machine gun, some one outstanding person must be responsible for seeing that they all function and that they all produce exactly the quality needed at the time needed and thus produce for the Army an efficient machine gun.

PROGRESS OF SUBCONTRACTING

Mr. ARNOLD. Are you satisfied with the progress made in subcontracting?

Mr. NELSON. No; I am not.

Mr. ARNOLD. Do you believe that it will increase and become satisfactory?

Mr. NELSON. I think it has to increase, sir. I feel that subcontracting is a necessary thing, but I am not satisfied at all with the progress of it. I think, however, that today there are more people who believe in it than did 6 months ago and I feel certain that the War Department and the Navy Department are interested in it and see the advisability of it and I believe we will find the way to do it in the near future.

Mr. ARNOLD. And that has a definite connection with preventing migration?

Mr. NELSON. Yes, sir; a very definite connection.

Mr. ARNOLD. That is, the wide spreading of subcontracting would have more to do with the preventing of migration more than any one thing?

Mr. Nelson. Certainly. It seems logical to me that if you try to find work for the machine where it is now located, if it can possibly be done, it is better than to pull the worker and the machine out of the location where they now are and move them somewhere else.

UNGHOSTING THE GHOST TOWNS

Mr. Arnold. Will you indicate to what extent ghost towns have been brought back into production through the efforts of the O. P. M.?

Mr. Nelson. A great deal of study has been put on that. I can't indicate to you whether we have actually yet brought ghost towns back. There will be some when some of these new plants are built and start working—you will find locations; for instance, here is a town like Carbondale, Ill. Carbondale formerly had a very big coal-mining industry which disappeared.

Now, it is perfectly possible through the location of a plant site in that location to do, say, shell loading or bag loading or whatever it may be, to bring that locality back during the period of time while it is in operation. But I do fear, sir, and I think it is a thing that has to be very carefully thought out, what is to become of that town after this defense program is over.

In other words, I sometimes fear that they may be worse off after the spree than they were before, unless a lot of careful planning is done.

Mr. Arnold. Of course, you are picking up an area there with which I am very familiar. At one time 51 percent of their population was on relief?

Mr. Nelson. Yes, sir.

Mr. Arnold. Or on W. P. A.?

Mr. Nelson. Yes.

Mr. Arnold. I understand there are about 15,000 unemployed in the area. Now, that you cannot give us an estimate of the number of workers in that area who have been reemployed or who will be reemployed as a result of these efforts?

Mr. Nelson. No, sir; I could not do it, but I am sure that Mr. Hillman's division could—if you want me to ask him to do it I will be very glad to do so.

Mr. Arnold. I wish you would do so.

The Chairman. We will make that request, Mr. Nelson.

Mr. Arnold. That is all, Mr. Chairman.

PRESSURE OF TIME ELEMENT

The Chairman. Mr. Nelson, while we are aiming at 100-percent efficiency, we are still human beings and we are dealing with the law of averages; isn't that true?

Mr. Nelson. Yes, sir; that certainly is true.

The Chairman. This emergency came on us all at once and speaking for myself personally, I am very proud of the way the American people are holding up and refusing to get excited. In all your activities in your Office and in the other departments, you are up against the pressure of the time element at all times?

Mr. Nelson. Yes, sir; all the time.

The Chairman. And that in part explains why you allocated so much work to places where they had existing facilities to do the work?

Mr. Nelson. I am convinced, sir, that that is the main reason it was done. If we had had 10 years to build, I am certain you would have seen an entirely different pattern.

The Chairman. You would have spread it out more?

Mr. Nelson. Very much more.

The Chairman. I am pleased to see you are directing your efforts toward spreading it out.

You see the only purpose of this committee really is in regard to interstate commerce of human beings. Therefore, we are concerned with how these people who go to San Diego, for instance, are getting along—in how they are being housed, their environment so far as health is concerned, fire protection, police protection, and then our next interest is how they are going to get along after this is over.

Mr. Nelson. That is the important thing to me, sir.

The Chairman. And I am glad you mentioned about the load that comes on these communities.

I think that San Diego is an outstanding example of what our cities and communities are up against. The committee just returned from San Diego a few weeks ago. The population of San Diego has jumped up about 100,000 people. A project known as the Kearney Mesa project is located just 6 miles from the city of San Diego and will have a population of 10,000 people.

Mr. Nelson. Even the sewers won't take care of them.

The Chairman. Now, San Diego simply cannot carry that additional burden. They have to have sewage disposal, schools, and fire and police protection and we have so far $150,000,000 and San Diego is asking $21,000,000 for their needs alone. They bonded themselves to pay for part of the sewage-disposal system, but other problems come in these, in which they need help.

We found in Connecticut and New Jersey and Maryland the same situation. I am very pleased that you agree with the findings that we have made and the evidence that we have obtained.

Mr. Nelson. Yes, sir.

The Chairman. And are they being charged too high rents?

Mr. Nelson. Yes, sir.

PROBLEM AFTER THE EMERGENCY

The Chairman. We are wondering and interested in how they are getting along, and we shall do our best to solve that problem, but the great problem, of course, is going to face this country after the emergency is over.

The testimony shows that millions of people have gone from their own States to other States on account of our national-defense program. There is a peculiar thing in this country. We have about 30 States, Mr. Nelson, that make it a crime to transport an indigent or poor person across a State line.

And at the same time we have the Federal Government encouraging this migration between States, and the result is that we have some three or four million people who are in the different States with no State of their own; and if we don't address ourselves to that proposition at this time, a dangerous whirlpool may be caused after this emergency is over. It may be just as dangerous as any attack from without.

Mr. NELSON. I feel, sir, that the free-enterprise system can be just as much in danger of being destroyed through the after effects of the defense program as from an attack from without, unless we use every bit of brains we have while we are building the defense program.

The CHAIRMAN. Now, so far what has been done about it, outside of what this committee is doing? The President issued an Executive order for a survey of the United States to be made regarding the feasibility of public works projects after the war is over. I think the Planning Board is interesting itself in the problem.

Therefore, what we are greatly interested in is what these millions of people, who have gone from one State to another and who are now getting good wages, are going to do after this emergency is over. The only cushion for the shock at the end of the war will be what money they have saved or whatever unemployment compensation insurance they may receive, their benefits from the Social Security Act, but if they had five or six or seven or eight hundred or a thousand dollars in their pockets it will cushion the shock. Most of these people will want to go home. That is a sure thing, and it seems to me, Mr. Nelson, that the money they may have saved will be the solution of the problem.

TRIPPED UP BY WORD "COMPULSORY"

We would like to recommend something to the Congress along that line, but, of course, we are always up against the word "compulsory." We did have some evidence in Hartford whereby, under a voluntary plan, one company was withholding a certain amount of each week's pay, but, of course, that was voluntarily done.

We are greatly concerned with that, and I think it is a vital problem.

Mr. NELSON. I think it is a very vital problem. I think that we must do some national thinking and some individual community thinking and planning along those lines, so this thing doesn't come on them suddenly.

Take an area like the one in Los Angeles that I visited last week. There is a tremendous increase in activities which have come about due to an increasing expenditure of Federal funds. Locally they have got to be thinking of that particular problem just as well as the National Government. I think it is essential that all the brains of this country be put on that problem now, instead of waiting until it is over and on top of us.

The CHAIRMAN. In our investigation throughout the United States we have had over 100 migrant witnesses who have come from one State to another just to find out what they actually went through, and I asked one migrant witness in San Diego if he was saving any money and he said: "No; not a cent."

I said: "Well, how much are you receiving a month?", and he said: "$135." I said: "How much are you paying for rent?"

He answered that he was paying $18 a week, which is practically $80 a month, and he said: "Will you tell me how I can save?"

I said: "How many children have you?", and he said: "I have six."

So that is one thing we have got to address ourselves to—high rentals; but we will take that up with Mr. Henderson.

Mr. Nelson. He will be able to cover that with you.

The Chairman. Mr. Lamb.

Mr. Lamb. Mr. Nelson, you spoke about the moving out of machines and ways and means of preventing that. Do you have any estimate of the proportion of machines bought up and moved and the plants closed?

Mr. Nelson. No, sir; I haven't. Perhaps Mr. Mason Britton, who handles that in O. P. M., could give you some figures on that. I haven't any at present. It has been largely those that have been bought by various industries themselves. There hasn't been any pressure yet put on by the Government on any industry to release machine tools.

Mr. Lamb. I was only thinking of the voluntary closing down of plants which were not getting orders because they were unsuccessful bidders or something of that kind.

Mr. Nelson. I would suggest you contact Mr. Mason Britton, who may have some of the figures. At least he can get you some approximation on it.

Mr. Lamb. Thank you.

The Chairman. Mr. Nelson, I just want to say that we deeply appreciate your coming here and I thing yours is one of the most valuable and intelligent contributions we have had.

Mr. Nelson. Thank you, sir. I am intensely interested in this problem.

The Chairman. Our next witness is Mr. Leon Henderson, Administrator, Office of Price Administration and Civilian Supply.

TESTIMONY OF LEON HENDERSON, ADMINISTRATOR, OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY, WASHINGTON, D. C.

The Chairman. Mr. Henderson, on behalf of the committee I want to thank you for coming here this morning. During the last session of Congress this committee was appointed to investigate the migration of destitute citizens between States.

We traveled throughout the United States and made our report and recommendations to Congress. This session we were continued on the theory that migration instead of decreasing had increased because of this national-defense program.

STATEMENT BY LEON HENDERSON, ADMINISTRATOR, OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY, WASHINGTON, D. C.

I am happy to come before this committee today to participate in your discussion and investigation of the relationship of the defense program to the problem of the migration of workers.

Defense production has caused, and will continue to cause, tremendous and rapid shifts in employment—mostly increases, but with some decreases in certain lines or areas. These shifts raise a host of problems: Where additional workers are needed in areas having defense contracts, recruitment must be speedy and must provide proper skills. Where workers congregate in rapidly growing areas, they face difficult problems of housing, sanitation, community welfare, and consumer protection. Where employment is reduced as a result of priorities or other factors arising out of the defense program, problems are raised concerning relief and labor training and there is the important problem of bringing new work to unemployed labor or supervising the shift of unemployed labor to available employment.

My special responsibilities as Administrator of the Office of Price Administration and Civilian Supply are to prevent rapid price increases and spiraling of prices, wages, and the cost of living; to allocate materials which are put under priority control in such a way as to cause a minimum disturbance to the civilian economy; and, finally, it is the responsibility of this office, under the direction of Miss Harriet Elliott, to protect the consumer.

Most defense agencies are concerned with one or another aspect of the problem of defense migration. Other Federal officials have appeared and will appear before you to describe the special features of this problem which come under their jurisdictions. I want to do two things today: First, I will present the factual background of the rent situation and will summarize the activities of Office of Price Administration and Civilian Supply which have a direct bearing on the rent situation; and, secondly, I will discuss the problem of unemployment caused by the imposition of priorities and civilian allocation.

PRICE OF HOUSING

One of the prices we are most immediately interested in is the price of housing—rents. We are interested in rents because the price of housing can, under certain circumstances, spiral upwards to the great and immediate detriment of consumers, and usually those consumers who can afford it least. We know that rents have been rising where hundreds or thousands of new defense workers have swarmed into areas with inadequate housing facilities.

Rents charged for housing accommodations in defense areas have a direct bearing on many aspects of labor migration. If defense production is to proceed smoothly we must be assured (1) that workers will be willing to migrate to those areas where they are needed, when they are needed; (2) that once they have accepted defense jobs in new localities their living costs and general living facilities are reasonable enough to keep them there; (3) that if they choose to stay, their health and morale will be maintained.

Because of the sudden impact of defense activity in many centers, it was to be expected that problems would arise involving housing and community facilities and the cost of living. And in fact, we are finding—on the basis of vacancy and rental surveys now in progress in more than 100 defense localities—that where the housing shortage is most acute rents are skyrocketing.

It will be difficult to continue to attract workers with the necessary skills to aircraft, shipbuilding, and ordnance centers unless they are provided with decent housing facilities at reasonable rents. Private residential construction and Government allocations for defense housing are alleviating congestion, but in many areas they are not able to keep pace with the growing demand for rental housing, and as a result of the shortage, rents are reacting sharply. In some shipbuilding, ordnance, and Army cantonment centers as many as 1 out of every 2 rented homes have had rent increases ranging from 20 to 100 percent since October 1939. The specific examples I shall quote illustrate similar conditions in other defense areas; they are not used with any intent to single out these communities. In the great aircraft center of San Diego there has been an average increase of 14 percent on about 50 out of every 100 rented homes; in the new aircraft center now being developed in Wichita, Kans., there has been an average increase of 12 percent on 25 out of every 100 rented homes. In Pascagoula, Miss., a fast growing shipbuilding center, there has been an average increase of 24 percent on 60 out of every 100 rentals for white occupancy; in Bremerton, Wash.—the site of the Puget Sound Navy Yard—there has been an average increase of 16 percent on about 50 out of every 100 rented homes. The expansion of an ordnance depot in Burlington, Iowa, brought with it an average increase of 33 percent on 58 out of 100 rented homes; a new ordnance plant in the Milan-Humboldt area, Tennessee, brought with it an average increase of 95 percent on 40 out of 100 homes. Key centers of varied industrial production have been likewise affected. There has been an average 13 percent increase on 66 out of 100 homes in New Britain Conn.; an average 16 percent increase on 50 out of 100 homes in Pontiac, Mich. Communities adjacent to Army cantonments have reported some of the most extreme cases of upheavals in the local rental market: In Brownwood, Tex., there has been an average increase of 69 percent on 78 out of 100 homes; in Alexandria, La., an average increase of 36 percent on 55 out of 100 homes.

When situations of this character develop, increasing the supply of available housing facilities is the obvious solution. But where this cannot be done fast enough and in sufficient quantity some control of the rental situation becomes imperative. Otherwise, workers will avoid those very defense centers where their skills are required. Or if they do come, they will soon discover that high wages are illusory when exorbitant rentals eat away a third and more of their earnings. Workers will move out again. They will turn to other defense areas—in itself a waste of manpower during the process of migration—or back to nondefense centers. When acute rental conditions cause excessive labor turn-over and result in a futile migration of labor, they are detrimental to the defense effort and demand regulatory action.

RENT CONTROL

Rents must be controlled, moreover, in order to maintain the health and morale of the general civilian population. Our office has received letters from scores of families of defense workers and of Army men, of service workers and of people on relief, protesting against rent profiteering in defense localities. All express resentment when landlords take advantage of a market with practically no vacancies to increase rents. It should be noted that in general these sharp upward movements in rent are particularly unjustifiable because they are not accompanied by substantial increases in the cost of operation.

Rent increases are an especially heavy burden on people with low incomes or moderate fixed incomes. Since there are no vacancies in many defense communities, the tenant has no choice. He either pays or he is evicted. If he is unable to pay and is evicted, he sometimes has to leave town. We have had reports from a number of centers adjacent to Army cantonments and ordnance plants that natives of these communities have been forced to move far out into the country because they could not pay higher rents. Such incidents have a disturbing effect on the morale of our people.

When workers are forced to pay increased rents it means cutting other items in the budget, because rents are relatively inelastic. Since we know from our surveys that on the whole rentals under $30 a month are increasing by a higher percentage than those over $30 a month, the group which can least afford it is hardest hit.

Finally, higher rents in industrial defense areas involve us in the general problem of wages. Exorbitant rent increases almost invariably produce demands for wage readjustments. Some union contracts have specific clauses stipulating a reopening of wage negotiations when the cost of living rises. Since rent normally consumes from 20 to 25 percent of a worker's earnings—and in some areas this ratio today is even higher—rental change is an important factor in rising living costs. We can avoid a great deal of industrial unrest by eliminating some of the grievances behind demands for reconsideration of wage scales. If we fail to curb rent increases we are contributing to the spiral of rising living costs, rising wages, and still higher living costs, from which nobody stands to gain in the end.

The details of the rental situation in some 75 defense localities will be made available for the record.

RENT UNIT OF O. P. A. C. S.

I wish now to describe what we are doing about the problem at the present time: In the Price Division of our Office there is a rent unit which sends members of its field staff into those areas most seriously affected by rent increases. Frequently they go at the direct request of local officials. After reviewing the situation, members of our staff aid municipal authorities and local defense councils in establishing what we call fair rent committees. Our staff outlines fundamental principles of procedure on a voluntary basis. After the fair rent committee has been appointed by the mayor, it publicly points out the dangers of exorbitant rentals and sets up an office to receive tenant complaints. These complaints are examined, and cases are selected for mediation. The landlord is summoned to a hearing to explain the increase, and the committee, after considering a variety of factors, makes a specific recommendation. The actual power of the fair rent committee is dependent upon the degree of public support which it enjoys in a community. Some ten such committees are now functioning; others are being set up.

This method of procedure on a voluntary basis has certain patent limitations. Voluntary control may succeed temporarily in restraining upward trends; it lacks the authority to reverse such trends. There is no question in my mind that ultimately the authority of law will have to be invoked to curb rent increases in those areas where voluntary methods are only partially successful.

HOUSING PROBLEM RELATED TO DISTRIBUTION OF ORDERS

The problems concerning housing and rents arise chiefly because of the concentration of defense production in certain localities. You know, of course, that one of the early goals of the National Defense Advisory Commission was to avoid undue concentration of contracts and to utilize for defense production the labor of every sector of our working population, wherever located, and the capital equipment of every part of our industrial establishment, small and medium-sized concerns as well as our huge corporations. This is still a goal of the Federal defense agencies.

The statistics relating to the geographical concentration of contracts and the geographical distribution of new-plant expansion have been presented to you this week, and there has been considerable discussion of this whole problem. I wish to make only two comments on this subject. In the first place, the accessible data tend to exaggerate the actual extent of concentration of defense production in certain areas. Much of the production called for by prime defense contracts is subcontracted and therefore actually produced in other areas. Statistics on subcontracting are as yet incomplete. We do know, of course, that the pattern of American industrial production is highly complex. It is difficult to tabulate the percentage of the value of a prime contract let, say, to a New England small-arms manufacturer, which is subcontracted to a nut-and-bolt manufacturer in Maryland, a walnut-stock manufacturer in northern Michigan, and a special high-grade steel producer in the Cleveland area. Moreover, it is obviously impossible for us to indicate or trace statistically the spreading out across the country of the increased productive activity which results from the increased incomes and expanded purchases made by the workers and their families in that New England town—on automobiles, movies, clothes, toys, furniture, food, etc.

SOME GEOGRAPHIC CONCENTRATION INEVITABLE

The second point I want to make is that there must always be some geographic concentration of industrial production. That is the result of the character of our economy and of our geography. It is on the basis of a complex pattern of geographical specialization over an area as large as the United States that much of the wealth and prosperity of this Nation has been built. It would be absurd to expect, for example, that the woolen mills producing overcoats and uniforms for our greatly expanded Army should be distributed equally throughout each State in the Union, including the Rocky Mountain section. It would be just as absurd to expect that the raising of the sheep from which these uniforms are made should be distributed equally throughout all the States, including the industrial areas of New England and the Atlantic coast.

Because of these factors it is obvious that the initial impact of defense contracts will not be uniformly spread throughout the Nation. When we began our tremendous defense program, we let ourselves in—deliberately and inevitably—for a great deal of migration of labor. That is one of the costs which we accepted cheerfully when we decided that our Nation could only be secure after a tremendous defense effort. We were able to do several things, however, to ease the problem of concentration of defense production. We attempted to see to it that defense production did not cause any greater geographic concentration than had already been brought about by regional specialization of production in the United States, or than became necessary because of the character of special types of defense work, as, for example, the building of ships.

Great efforts are being made to insure through subcontracting that defense production is widespread and makes full use of our available industrial plant and labor force. Much can be done to avoid concentration of defense production when locating new plants. With this aim in mind, many ammunition plants, smokeless-powder plants, bag-loading plants, etc., have been located in nonindustrial regions; for example, the smokeless-powder plants in Radford, Va., and Charlestown, Ind., and the shell-loading plant in Burlington, Iowa.

Of course, we should realize that the attempt to avoid concentration of defense production and to locate these tremendous new plants in regions not already highly industrialized or densely populated has led to some of the most difficult problems which confront this committee. This is true not only with respect to housing, but it is especially true with respect to essential community services and amusements. It may be that a new arsenal located in Philadelphia would have brought as serious a problem of housing in that already congested industrial region as it has brought to relatively sparsely settled Ravenna, Ohio. But certainly the community facilities for essential services, education, amusements, etc., would have been an easier problem to meet in Philadelphia than in Ravenna.

UNEMPLOYMENT DUE TO PRIORITIES

Now I come to another kind of problem arising out of the defense program which directly concerns this committee and which has a most important bearing on the work of the Office of Price Administration and Civilian Supply. It is the opposite of the problem caused by the concentration of defense production. It is the problem of unemployment resulting from the imposition of priorities. It is what happens when we shift all our aluminum ingots to the the making of airplanes and leave none over for making pots and pans. It results from our decision to build up our stock of rubber for future eventualities at the expense of some drivers of passenger cars—and of some of the workers in the rubber plants.

When defense requirements force a curtailment of normal civilian production, then it is necessary to allocate whatever supplies remain for civilian use. This civilian allocation is one of the heavy responsibilities of the Office of Price Administration and Civilian Supply. This Office has to decide which civilian demand will be satisfied and which will not, which manufacturer shall produce and how much. When machine tools are allocated to one or another form of defense production or allocated among the Army, Navy, and our Allies, this does not result in unemployment in any immediate sense. But the application of priorities to copper, cork, aluminum, magnesium, and a whole range of basic metals is going to cause some unemployment. If it is decided, as it was last month, that 95 to 100 percent of aluminum, including scrap, must go to defense production, then the civilian industries normally using aluminum will obviously be in a very serious situation.

Of course one of the steps that can be taken in a situation such as this is to expand the supply of the article in question so that enough will be available, after some steps have been taken, to meet both defense and normal civilian demands. This has been one of the lines of policy which I and my Office have followed most energetically during the entire period of the defense program. But if, for various reasons, the supply is not expanded sufficiently, then some normal civilian consumers of the scarce commodities will find empty store shelves. If the normal producers of these civilian commodities do not receive defense contracts or if they cannot find substitute raw materials, this means unemployment of workers.

EXAMPLES OF "PRIORITY UNEMPLOYMENT"

You members of the committee and we officials of defense agences—to say nothing of businessmen, trade-union leaders, and workers—have already known of examples of unemployment directly caused by the operation of priorities and civilian allocation. Even though the priority program is as yet in its early stages, we know that workers are already unemployed in New Kensington, Pa.; in Manitowoc, Two Rivers, Chilton, Kewaskum, West Bend, and Eau Claire, Wis.; and in New Washington, Ohio, and Lamount, Ill., because the factories in which they normally work producing aluminum pots and pans and other miscellaneous stamped aluminum products can get no more aluminum. We know that plants producing aluminum die castings in Marshalltown, Iowa, Cleveland, Ohio, and other cities have curtailed production and laid off men. We know that priorities on nickel and nickel steel are beginning to affect employment in silverware, plated ware, and flatware establishments. The rubber allocation program has already resulted in the first of a series of lay-offs in the rubber industry. As production of 1942 automobiles is curtailed, there will be some unemployment not only in the automobile plants but in the widespread automobile equipment establishments as well.

Thus far, however, the number of persons actually laid off and the number of plants whose operations are curtailed or actually closed down because of priorities on basic materials is not large. It is only because we stand today just at the threshold of the operation of the priorities system that this problem is not already upon us as a problem affecting tens of thousands of workers and hundreds of plants. In the first place, priorities have only been in existence for a few months and most priority orders have been issued since April 1. The first industrywide priority order came on February 24, 1941.

At the present time, only 14 commodities are subject to complete priority control. Civilian allocation is even more recent. The first civilian allocation program, covering copper, was issued by Office of Price Administration and Civilian Supply on May 31, 1941. To date we have issued five civilian-allocation programs. In the second place, the full effect of priorities has not been felt thus far because manufacturers accumulated inventories last year and early this year with which they are able to continue production for some period of time, even after mandatory priorities controls are imposed.

But I know that this problem is going to be greatly intensified before this summer has passed. You know that I have long been an advocate of every sort of measure which would bring about a legitimate increase of employment and end the terrible suffering and waste caused by unemployment. I now have as one of my heaviest responsibilities as Administrator of Office of Price Administration and Civilian Supply the necessity of taking definite actions which will have as one result a reduction of employment. I can assure you that we in Office of Price Administration and Civilian Supply are giving this problem the most thorough and detailed consideration.

THREE WAYS TO COUNTER PRIORITIES

In general, of course, there are only three things which can be done. One is to bring new work to the manufacturer of civilian products so that he can use his existing plant and labor force in a different kind of output; a second is to expand supply so that priorities can be relaxed or not applied so stringently as otherwise; and a third is to shift the labor let off from civilian production to new jobs.

The various agencies of the Federal defense organization have already set to work to meet this problem of curtailed production and employment resulting from priorities and civilian allocation. For example, the Defense Contract Service of the Office of Production Management, with its regional offices, is hard at work to get defense production out into all the small plants of the country by the subcontracting of prime defense contracts. This means that manufacturers whose supply of raw materials is cut off because they have been producing for civilian use will be able to employ their plants and their men for an enlarged defense output.

The Conservation and Substitutes Committee of Office of Production Management is working on substitute materials and tries to help manufacturers whose supply of a certain raw material is curtailed by indicating the substitute raw materials which can be used so that normal production is not curtailed.

Through the Labor Division of the Office of Production Management, in cooperation with the Bureau of Labor Statistics, the Federal Committee on Apprenticeship, the United States Employment Service, the Work Projects Administration, National Youth Administration, the Office of Education, and other Federal agencies, a tremendous labor-training program is under way, and it is estimated that over a million persons have already received the benefit of this special training for defense jobs. About one and a half million more are receiving training within industry. Thus it is possible for employees whose jobs are threatened by priorities and civilian allocaton to be retrained for defense work either in the same plant after subcontracting brings it some share of defense work, or in other plants.

In its civilian allocation programs, the Office of Price Administration and Civilian Supply is making every effort to see to it that any necessary curtailment of production for civilian use is carried out on the fairest possible grounds. In that connection we have issued a list of factors which we will take into consideration in formulating policies and programs for our civilian allocation programs. That list is as follows:

(*a*) The need to provide adequately for civilian uses essential to the public welfare.
(*b*) The degree of hardship upon labor or business resulting from the failure to obtain deliveries when scheduled or from the rejection of orders.
(*c*) The past rates of consumption of the products by users thereof.
(*d*) The objective of achieving an equitable division of supplies of the products among all users.
(*e*) The availability of substitutes for the particular uses for which the products are sought.
(*f*) The policy of the Administrator to refuse allocation to any person who, in the conduct of his business, discriminates against defense orders.

Many of the efforts of those interested in increasing supplies, those interested in subcontracting, and those interested in labor training are being presented to this committee direcly by officials of the agencies involved.

What we are doing at Office of Price Administration and Civilian Supply, and what these other defense agencies are doing to insure that every portion of the Nation's industrial plant and labor force is utilized for defense production, without undue disruption or hardship, is significant. But I believe these efforts can be improved. I believe they must be improved at once if we are to fulfill our responsibility to assure the American people that the operation of the priority system in the interests of maximum defense production will not result in unnecessary hardship.

Exhibit A.—Rent Increases in Defense Areas, October 1939 Through June 1941

STATEMENT BY OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY, OFFICE OF PRODUCTION MANAGEMENT, WASHINGTON, D. C.

RENTS AND THE COSTS OF LIVING

It has been estimated in cost-of-living studies that rents normally absorb from 20 to 25 percent of the average wage earner's income; the exact proportions differ in various parts of the country, depending upon a variety of local factors. Rents are usually paid on a monthly basis, and any substantial increase becomes a noticeable burden because it must be expended in a lump sum. Wage earners are for this reason often more sensitive to rent increases than to other price rises. Since rents are the second largest single item in the budget, following food, a marked increase in rents may mean the curtailment of other basic needs and lead to a proportionate lowering of the general standard of living. Furthermore, rent is a relatively inelastic item in the budget. If clothing prices increase, purchasing may be adjusted with comparative ease. The physical need for shelter, however, is a requirement which cannot readily be scaled down without involving extreme hardship.

DEFENSE HOUSING AND THE INADEQUACY OF SUPPLY

The Division of Defense Housing Coordination has given consideration to the need for housing in some 300 defense localities throughout the country. The Congress has thus far appropriated $442,531,000 to alleviate acute housing shortages by direct Government construction. As of July 5, 1941, 107,383 family dwelling units have been allocated by the Defense Housing Coordinator to 170 localities for the housing of civiilan industrial workers in private defense industry, civilian industrial workers in Government plants, other civilians employed by the Army and Navy, and married enlisted personnel; 70,146 of these units are now under construction contract. Private industry, aided by the Federal Housing Administration, the Home Owners' Loan Bank Board, and the Defense Homes Corporation, is building thousands of additional units in and about defense areas.

However, the influx of workers into defense industries and the concentration of the families of enlisted personnel near military establishments have been so rapid that neither private construction nor Government awards have been able to meet the need in time. Of 18,947 defense housing units which were listed as completed on July 5, 1941, only 3,245 units were occupied by industrial workers in private defense industry, 3,918 by civilian industrial workers in Government plants, and 2,656 by other civilians employed by the Army and Navy; the remaining 9,128 units were occupied by married enlisted personnel. Housing shortages in many defense localities have been seriously aggravated by the arrival of thousands of construction workers and service workers for whom no defense housing will be provided, as well as casual migrants attracted by the hope of employment. According to the best estimates, funds for defense housing thus far granted by the Congress will be able to care adequately for only about a third of all the inmigrant workers. Even if 70,000 units of defense housing now allocated are completed by October of this year, as scheduled, there will still be shortages in many areas.

At the request of the Division of Defense Housing Coordination, the Work Projects Administration has conducted vacancy surveys in 141 defense areas. These surveys, most of which were completed during the first 6 months of this year, reveal that in 103 of the areas there was habitable rental vacancy of under 2 percent; in 61 of the areas there was a habitable rental vacancy of unled 1 percent. Housing authorities consider a 4 percent vacancy to be the absolute minimum for the maintenance of a normal housing market.

Under these circumstances it was to be expected that rents should react sharply to the acute shortage. In many localities landlords and property owners have already taken advantage of the situation to demand exorbitant rents, and no adequate supply to restore a normal competitive market is in sight. Indeed there is a high probability that shortages in some building materials and labor shortage in the construction industry will in the future materially decrease the rate of new construction. The experience of the last war amply fortifies this presumption.

RESULTS OF OFFICIAL SURVEYS

Rent increases have been far more widespread in areas where defense industry and military establishments are concentrated than in areas which have not been directly affected by the defense program. Rent increases may spread to other localities, but for the time being they remain primarly a problem of defense centers. National averages of rental change are therefore not very pertinent to the discussion of the immediate need for rent control. It is necessary to isolate the areas where exhorbitant increases first appear and to identify the classifications of rental property most seriously affected within those areas.

On the basis of vacancy reports, labor migration surveys, housing market analyses, records of military concentration, and defense contract awards, a group of approximately 100 areas was selected for special rent surveys by the Bureau of Labor Statistics and the Work Projects Administration. The 77 localities for which serious situations have been reported—centers of shipbuilding and the manufacture of aircraft, munitions, steel, automobiles, machine tools, rubber and aluminum, as well as camp sites and naval bases—cover cities and towns in all parts of the country. Thirty States are represented in the surveys.

The distribution of the 77 localities by population groups shows that both large and small communities are affected:

77 Defense areas by population

		Number of areas
Under 100,000:		
0–19, 999	23	
20, 000–39, 999	16	
40, 000–59, 999	9	
60, 000–79, 999	5	
80, 000–99, 999	3	
		56
100, 000–199, 999		13
200, 000–299, 999		7
300, 000–399, 999		1
Total		77

Source: Census of 1940.

In addition to these 77 surveys, material is available on rental change in 33 large cities wher the Bureau of Labor Statistics has conducted regular inquiries for many years; 13 of these 33 large cities may be considered vital defense areas.

The localities surveyed by the Bureau of Labor Statistics cover the period beginning October 1939; the latest data included vary from March through June 1941, depending upon when the most recent resurvey was tabulated. The Work Projects Administration surveys are based upon the period beginning March 1940. Hence these 77 special surveys are not absolutely comparable in time; but the periods covered are sufficiently similar to permit some grouping of the results.

Rents in defense localities have reacted in different degrees to housing shortages, depending upon several factors: (1) the percentage of previous vacancy; (2) the number, wage group, and race of defense workers migrating to the new locality; (3) the previous rent level in the locality; (4) the rate of new construction both by private industry and Government agencies; (5) the success with which civic pressure has been brought against profiteering.

The frequency of rental increase and the percentage increases in these defense areas are summarized below by five types of defense activity:

Rent surveys of selected defense areas for periods between October 1939 and June 1941

Locality	State	Period	Percent of homes reporting increased rentals	Percent of increase [1]
AIRCRAFT				
San Diego	California	October 1939 to April 1941	48	14
Hartford area	Connecticut	do	38	9
Wichita	Kansas	October 1939 to May 1941	24	12
Paterson	New Jersey	October 1939 to April 1941	20	11
SHIPBUILDING				
Pascagoula:				
White	Mississippi	October 1939 to April 1941	59	24
Negro			27	34
Bayonne	New Jersey	October 1939 to June 1941	44	10
Bremerton	Washington	October 1939 to April 1941	43	16
Camden:				
White	New Jersey	do	43	12
Negro			16	17
Chester:				
White	Pennsylvania	do	38	9
Negro			50	13
Wilmington (total):	North Carolina	March 1940 to May 1941	32	31
White			39	31
Negro			25	24
Portsmouth	New Hampshire	October 1939 to June 1941	26	14
Manitowoc	Wisconsin	March 1940 to May 1941	23	16
Bath	Maine	March 1940 to March 1941	22	19
Vallejo and Benicia	California	October 1939 to April 1941	20	20
New London and Groton	Connecticut	March 1940 to May 1941	19	13
Quincy	Massachusetts	October 1939 to April 1941	18	11
ORDNANCE				
Burlington	Iowa	March 1940 to May 1941	58	33
New Albany-Jeffersonville area.	Indiana	October 1939 to April 1941	53	24
Morgantown	West Virginia	March 1940 to May 1941	48	31
Joliet	Illinois	do	44	21
Radford-Pulaski area	Virginia	do	42	38
Milan-Humboldt area	Tennessee	March 1940 to June 1941	40	95
La Porte	Indiana	do	38	24
Tuscumbia	Alabama	do	36	40
Ravenna	Ohio	March 1940 to May 1941	33	23
Florence	Alabama	March 1940 to June 1941	30	30
Warren	Ohio	March 1940 to May 1941	29	19
DEFENSE PRODUCTION (OTHER)				
New Britain	Connecticut	October 1939 to April 1941	66	13
South Bend	Indiana	do	58	15
Pontiac	Michigan	do	50	16
Waterbury	Connecticut	do	46	10
Bridgeport area	Connecticut	do	42	14
Massena	New York	March 1939 to May 1941	40	19
Sidney	New York	do	40	18
Allegheny River Valley area	Pennsylvania	October 1939 to May 1941	40	11
Bristol	Connecticut	March 1940 to May 1941	39	15
Sheffield	Alabama	March 1940 to June 1941	38	40
Akron area	Ohio	October 1939 to April 1941	37	12
Louisville:				
White	Kentucky	do	36	12
Negro			17	6
Gary:				
White	Indiana	October 1939 to April 1941	33	11
Negro			6	33
Elizabeth	New Jersey	do	33	9
Meriden	Connecticut	March 1940 to May 1941	32	14
Bethlehem and Allentown	Pennsylvania	October 1939 to April 1941	26	16

[1] Rent increase stated as a percent of former rental for those dwellings reporting increases.

Rent surveys of selected defense areas for periods between October 1939 and June 1941—Continued

DEFENSE PRODUCTION (OTHER)—Continued

Locality	State	Period	Percent of homes reporting increased rentals	Percent of increase
Monongahela River Valley area.	do	October 1939 to May 1941	26	10
Gadsden:				
White	Alabama	October 1939 to April 1941	23	17
Negro			11	16
Beaver County	Pennsylvania	March 1940 to June 1941	23	16
Ohio River Valley area	do	October 1939 to May 1941	23	9
Youngstown:				
White	Ohio	October 1939 to Apri 1941	20	16
Negro			16	16
Dayton:				
White	do	October 1939 to March 1941	19	12
Negro			18	18
Massillon:				
White	do	October 1939 to April 1941	17	20
Negro			52	28
Bay City	Michigan	March 1940 to June 1941	16	20
Canton:				
White	Ohio	October 1939 to April 1941	16	17
Negro			34	29
Steelton:				
White	Pennsylvania	do	16	11
Negro			35	16
Muskegon	Michigan	March 1940 to May 1941	15	18
Schenectady	New York	October 1939 to March 1941	15	14

MILITARY ESTABLISHMENTS

Locality	State	Period	Percent of homes reporting increased rentals	Percent of increase
Brownwood	Texas	March 1940 to June 1941	78	69
Starke (total)	Florida	March 1940 to May 1941	70	101
White			80	97
Negro			13	33
Hattiesburg:				
White	Mississippi	March 1940 to April 1941	66	35
Negro			56	24
El Paso:				
White	Texas	do	65	17
Nonwhite			29	17
Mineral Wells	do	March 1940 to June 1941	64	57
Macon:				
White	Georgia	October 1939 to April 1941	63	20
Negro			40	18
Abilene	Texas	March 1940 to June 1941	57	30
Alexandria (total)	Louisiana	March 1940 to March 1941	55	36
White			65	35
Negro			48	29
Corpus Christi:				
White	Texas	October 1939 to April 1941	51	16
Mexican			16	20
Negro			9	5
Lawton	Oklahoma	March 1940 to June 1941	49	31
Fayetteville	North Carolina	do	43	26
Tacoma	Washington	October 1939 to April 1941	40	14
Anniston (total)	Alabama	March 1940 to June 1941	38	28
White			39	27
Negro			36	28
Tampa:				
White	Florida	October 1939 to April 1941	37	17
Negro			23	22
Battle Creek	Michigan	June 1939 to March 1941	35	18
Columbia:				
White	South Carolina	October 1939 to April 1941	33	17
Negro			11	22
Monterey	California	March 1940 to June 1941	30	24
Petersburg (total):	Virginia	March 1940 to May 1941	26	25
White			30	23
Negro			22	27
Spartanburg:				
White	South Carolina	October 1939 to April 1941	26	23
Negro			24	35
Middletown	Pennsylvania	do	18	11
Ayer	Massachusetts	March 1940 to June 1941	15	21
Ogden	Utah	March 1940 to May 1941	15	15

Sources: Surveys by the Bureau of Labor Statistics and by the Work Projects Administration.

Fourteen of the thirty-three large cities on which the Bureau of Labor Statistics has prepared regular rent reports have revealed substantial rent increases for the period October 1939 to March 1941. With one exception—Manchester, N. H.,—these 14 cities are vital centers of defense industry—shipbuilding, aircraft, and machine-tool centers:

	Under $30		$30 to $49.99		$50 and over	
	Percent of units in sample	Percent of increase	Percent of units in sample	Percent of increase	Percent of units in sample	Percent of increase
Baltimore	52	+1.4	38	−.3	10	−1.7
Birmingham	71	+5.3	21	+.4	8	.0
Buffalo	42	+1.9	41	−.1	17	−1.1
Chicago	48	+1.5	41	+.4	11	−.7
Cleveland	74	+1.5	23	+.1	3	−1.2
Indianapolis	82	+3.5	14	+1.0	4	+1.9
Jacksonville	79	+6.2	17	+4.4	4	+1.1
Manchester, N. H	84	+2.3	15	+1.6	1	.0
Memphis	52	+3.4	39	+.5	9	+.7
Mobile	80	+8.3	16	+3.1	4	+1.3
New Orleans	66	+1.8	27	−.1	7	+1.7
Norfolk	61	+6.6	33	+2.4	6	−.1
Philadelphia	61	+1.5	32	+.3	7	−.6
Seattle	77	+2.1	21	−.4	2	−.2

NOTE.—The percentages indicate the change in the over-all rent bill for all white homes.

An increase of 2 percent in the over-all rent bill of any rent range is evidence of a widespread frequency of increase as well as a substantial percentage of increase. Among the cities in this group there are four: Birmingham and Mobile, Ala.; Jacksonville, Fla.; and Norfolk, Va., which show increases of more than 5 percent in the range under $30. Though further break-downs by frequency and percentage of increase are not available, such rent rises are of the same character as some of the more acute situations in smaller defense areas.

From a detailed analysis of the complete tabulations of the 77 special rent surveys, as well as the data on 13 large defense cities, it appears that both the frequency of increase and the percentage of increase have tended to be greater in rent ranges under $30 than over $30. This is particularly significant in view of the fact that in most of the cities surveyed rentals under $30 comprised more than 50 percent of the total residential rents. There was a tendency for the identical dollar increase to cover a whole group of rent ranges from $15 to $30 or from $20 to $40, for example. Hence, the burden upon the lower-rent ranges and the lower-income groups was relatively greater.

The frequency of increase and the percentage of increase were greater where there was a tenancy change than for units where the same tenant occupied the dwelling throughout the period surveyed. New defense workers would fall entirely into the first category. In Akron, Ohio, for example, the rentals of fully 94 percent of the dwelling units which had a tenancy change during the period October 1939 to January 1941 were increased. Thus in addition to the normal expenses of moving families into new areas, defense workers are confronted with a narrower selection of units and a higher rental than older inhabitants.

An analysis of the defense areas surveyed, grouped about major activities in these localities, will indicate the extent to which all vital defense industries are affected by rent increases.

Shipbuilding centers have figured prominently among localities which reported marked rental increases. Substantially the same condition in varying degrees has been found along the Atlantic and Pacific coasts and the Gulf—in Bath, Maine; Camden, N. J.; Mobile, Ala.; Bremerton, Wash. Many shipbuilding centers are located near relatively small communities. The influx of skilled and semiskilled workers into these centers has created housing demands for which an adequate supply could not be provided in time. This is especially true of new shipbuilding centers which underwent sudden development, such as Pascagoula, Miss. It is also true of centers which had remained relatively inactive for many years after the first World War, such as Wilmington, N. C., and Bath, Maine. Shipbuilding was one of the first aspects of the national-defense program to get into high gear, and by the fall of 1940 rentals in these areas were already reacting to the housing shortage.

Aircraft centers which have reached unprecedented employment levels are among those to report substantial rent increases—San Diego, Calif.; Hartford, Conn.; Paterson, N. J.; Seattle, Wash. In recent months aircraft centers which before the emergency had very substantial vacancy percentages have since reported negligible vacancy percentages accompanied by rent increases—Wichita, Kans.; Buffalo, N. Y.; Baltimore, Md.; Nashville, Tenn.

New munitions factories and shell-loading plants were of necessity built in comparatively isolated areas. Rent increases which spread through all adjacent towns within commuting distance raised new rent ceilings which have not been lowered even after the thousands of construction workers called in to build the plants left the areas, as shown, for example, by the surveys of the Radford-Pulaski area in Virginia, and reports from the Charlestown, Ind., area.

The movement of rent increases has also spread to the varied industrial centers of New England, the Middle Atlantic States, and the Middle West. During the depression many of these industrial centers reported a substantial percentage of vacancies because unemployed families were forced to double up. As employment increased in these industrial localities many families undoubled, creating a great demand for rental units. Marriages had been deferred during the depression; with the opening up of employment possibilities, there were more marriages and a greater demand for separate dwelling units. The supply of available houses was inadequate because new construction had been sharply curtailed during the depths of the depression and has only recently revived. Much of available new construction is for sale, and workers who have just emerged from periods of unemployment are unable to invest in the purchase of houses.

Steel centers such as Gary, Ind.; Birmingham, Ala.; and the towns in Allegheny County; machine centers such as Bridgeport, Conn.; rubber centers such as Akron; automotive centers such as Pontiac, Mich.; metal-manufacturing centers such as Dayton, Ohio, and South Bend, Ind.; aluminum centers such as Massena, N. Y.; brass centers such as Waterbury, Conn.; electrical industry centers such as Schenectady, N. Y.; all have revealed similar rent movements. None of the shortages resulting in higher rent levels in these areas has been counteracted by an adequate supply of new construction. There is every reason to suppose that unless controls are imposed, the upward rent movement will continue.

Towns adjacent to camp sites have been among the localities which show the greatest frequency of increase as well as some of the highest percentages of increase. In Alexandria, La., near Camp Beauregard, for example, 65 percent of the white rentals and 48 percent of the Negro rentals increased between March 1940 and May 1941; in El Paso, Tex., near Fort Bliss, 65 percent of the white rentals and 29 percent of the Mexican rentals increased during the period from the fall of 1939 to April 1941. For units which showed increases, the average rise was 35 percent for whites and 29 percent for Negroes in Alexandria, La., and 15 to 20 percent for whites and Mexicans in El Paso, Tex. These instances are typical of what is occurring in cities and towns near military establishments when the number of men stationed at the post is two to three times the total population of the adjacent community. As soon as work on the camp site is begun there is a vast influx of construction workers as well as families of officers and enlisted personnel all competing for a very small number of available dwelling units.

As a result, officers and enlisted personnel who have brought their families are often constrained to expend more than the regular allowance granted them by the Army for accommodations. Soldiers without income from additional sources are forced to house their families in substandard dwellings because they cannot afford to pay prevailing rents for units in good condition. In some instances this has had a deleterious effect upon their morale. Letters of complaint received by Government officials from families of enlisted men bear out the unfortunate effects of exorbitant rent increases in camp-site areas. Charges of profiteering made against townspeople create friction between soldiers and older local residents.

The absence of a ceiling on rents in these areas results in competitive bidding among officers which raises rents for available dwellings in good condition to double and triple their former rental. The Army has attempted to curb this practice, which tends to raise the over-all rent level in the community. It has appointed billeting officers in some areas and ordered men to rent units only through a registration service. This procedure has had some salutary effect, but it has by no means put an end to competitive bidding for housing accommodations.

Substantial sections of the older residents of these camp-site areas have not enjoyed any increase of income as a result of the new influx of population and the new defense activity. This group includes people on relief, clerical workers, and others with small fixed incomes. As revealed in the surveys of these camp-site areas, the rent increases cover from one-half to two-thirds of all residential units. Since officers and enlisted men as a group include all rent ranges in a community, the pressure of their demand is felt by all strata of the civilian population. Reports have been received that older residents are forced to leave communities in which they lived for many years and to seek ramshackle dwellings in the surrounding areas because they cannot pay the rent increases demanded of them. Such conditions obviously have had a bad effect upon the morale of the civilian population near military establishments.

MALPRACTICES WHICH ACCOMPANY RISING RENTALS

Reliable reports and complaints made to the Office of Price Administration and Civilian Supply indicate clearly that unregulated rents in areas where there is no longer a free market have led to many undesirable practices, among them forced sales to defense workers and the eviction of persons on relief. Tenants are threatened with eviction unless they purchase properties in which they previously had rented dwelling units. These properties are often in poor condition, and the price exacted is exorbitant. Relief workers and persons on home relief are now faced with eviction in many defense areas because they cannot pay increased rentals. Since there are no other available rental units in the area, they are forced to move into hovels. They can under no circumstances leave the community because they would lose their relief status. These people at the bottom of the economic scale have, as revealed by official rent surveys, suffered the greatest hardship from rent increases.

RENTS, WAGES, AND LABOR TURN-OVER

Divergent movements in the rents of different defense areas devoted to the same basic industry may exert a negative influence on attempts at wage stabilization such as the coastwise agreements in the shipbuilding industry. When rent increases seriously affect the real wages of workers, they may upset previous wage agreements.

The direct effect which rent increases have upon excessive labor turn-over may not readily be recognized, but it is clear that they tend to exaggerate the ill effects of inadequate housing facilities. Housing shortages as the cause of a high percentage of labor turn-over in the last war have been studied in great detail. Workers moved from one defense area to another in search of decent living quarters at reasonable rents, and the time spent in migration was a total loss to the war effort. Wages being equal, unless there is a ceiling over rents, workers will continue to move to new areas in search of reasonable rentals. They may not be informed about equally bad rental conditions in the area to which they migrate. The immediate grievance will nevertheless encourage them to move. The waste involved in periodic transfers of this nature is obvious. If rents in defense areas are stabilized, this loss will be prevented.

FAIR RENT COMMITTEES

There is a Rent Unit in the Price Division of the Office of Price Administration and Civilian Supply which at present is dealing with acute rental situations in defense areas on a voluntary basis. Members of the field staff are sent into those communities where surveys have revealed the most serious rental problems. Frequently they go as a result of a direct request from local officials. The field representative helps municipal authorities and the local defense council establish what are known as fair rent committees. Certain fundamental principles of procedure for rent regulaton on a voluntary basis are outlined to the authorities. After the fair-rent committee had been appointed by the mayor, it publicly points out the dangers of exorbitant rentals and sets up an office to receive tenant complaints. These complaints are examined and cases are selected for mediation. The landlord is summoned to a hearing to explain the increase, and the committee, after considering a variety of factors, makes a specific recommendation. The actual power of the fair-rent committee is dependent upon the degree of public support which it enjoys in a community. Some 12 such committees are now functioning in the following municipalities: San Diego, Calif.; South Bend, Ind.; Norfolk, Newport News, Hampton Roads, Portsmouth, and Virginia Beach, Va.; Wilmington, N. C.; Columbus, Ga.; Sylacauga, Talladega, and Mobile, Ala.

This method of procedure on a voluntary basis has certain patent limitations. Voluntary control may succeed temporarily in restraining upward trends; it lacks the authority to reverse such trends. Ultimately the authority of law will have to be invoked to curb rent increases in those areas where voluntary methods are only partially successful.

Exhibit B—Organization of a Fair Rent Committee

STATEMENT OF OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

OFFICE FOR EMERGENCY MANAGEMENT, WASHINGTON, D. C.

Bulletin No. 1

The Presidential order of April 11, 1941, establishing the Office of Price Administration and Civilian Supply defined among its functions the development of programs with the object of stabilizing rents.

In recent months exorbitant rent increases have accompanied housing shortages in certain defense areas. An undue burden has thereby been placed upon defense workers, upon families of enlisted men and civilian personnel attached to military establishments, as well as upon other civilian residents of these communities.

In order to assure the stability of rents, defense communities should proceed to the establishment of fair rent committees. The Price Division of the Office of Price Administration and Civilian Supply is prepared to send representatives into the field to aid local communities in setting up such committees and to advise in the efficient fulfillment of their objectives.

ORGANIZATION AND FUNCTIONS OF THE FAIR RENT COMMITTEE

A. Organization.

The fair rent committee should be an independent unit appointed by the mayor or other responsible municipal authority.

The committee should be composed of persons known for their good judgment and fairmindedness and trusted by all groups in the community.

In addition to official members of the committee, there should be included as consultants:

1. The local sanitary officer or building inspector, or both, depending upon the local machinery for the enforcement of health and safety ordinances;
2. The local welfare or public assistance officer;
3. A representative of the homes registration office, where this service exists.

Municipal departments and local branches of Government agencies such as the National Youth Administration and the Work Projects Administration should be called upon to lend clerical and technical assistance to the committee.

B. Functions.

It is recommended that a fair-rent committee adopt the following course of action:

1. Upon organization issue a public statement urging landlords to maintain rents at the preemergency level. Announce the most recent date on which fair rents shall be regarded as having prevailed in the community.
2. Secure full and accurate information on all aspects of the local rent problem. The Office of Price Administration and Civilian Supply will arrange for the conduct of formal rent surveys through the cooperation of technically competent Government research agencies. Surveys are now in progress in more than 100 communities, and others will be undertaken upon request.
3. Upon the completion of an official survey, publicize the findings and draw appropriate conclusions.

4. Invite the general public to file with the committee specific complaints against rent increases. In instances where there is substantial evidence of profiteering, request both the tenant and the landlord to fill out appropriate forms describing the case at issue. These forms should be available in the permanent office of the fair-rent committee.
5. When cases are selected for negotiation, summon the parties concerned to a hearing.
6. The cardinal principle in judging each case is the maintenance of rents at the preemergency level. Increased costs in services since the declaration of the emergency should be taken into consideration.
7. Should either party refuse to accept the mediation of the fair-rent committee, it may choose to present the facts of the case to the general public.
8. The field representatives of the Price Division of the Office of Price Administration and Civilian Supply will confer with the fair rent committee at regular intervals in order to keep them informed about current methods and procedures in effect in various communities throughout the country.
9. The committee in turn should communicate with the Price Division of the Office of Price Administration and Civilian Supply, in reporting on the success of its efforts in maintaining fair rents.

It is the expectation of the Price Division of the Office of Price Administration and Civilian Supply that fair-rent committees will succeed in curbing rent increases in most communities. Should these methods fail of their purpose it will be recommended that available legal steps be taken to control rents in these areas.

FAIR RENT COMMITTEE

Bulletin No. 2

The Office of Price Administration and Civilian Supply suggests that a fair-rent committee adopt the following procedure:

DETERMINATION OF A FAIR-RENT DATE

After reviewing the facts presented in the official rent survey for the locality, and after gathering data in an informal manner from qualified citizens, the committee should establish a date, not further back than October 1, 1939, which is known henceforth as the fair-rent date. Consideration should be given to a date on which rent levels had not yet been seriously affected by defense activities in the community.

It may be convenient to establish January 1 of the year in which the committee is formed as the fair-rent date.

When such a date is determined it should be widely publicized. It should also be stamped on the forms provided.

FILING OF TENANT COMPLAINTS

By an official statement in the local press the committee should make known in the community that it will receive complaints from tenants, roomers, and lodgers whose rent has been increased above the level of the fair-rent date.

At the same time the committee should announce the address of its offices and provide a telephone and a full-time office secretary to receive complaints. Municipal departments and local branches of Government agencies such as the National Youth Administration and the Work Projects Administration should be called upon to lend clerical and technical assistance to the committee.

It is recommended that tenants and roomers file their complaints on Forms No. 1 and 2. These are simple reports which furnish the committee basic information on the dwelling unit or room involved.

SELECTION OF CASES

Forms No. 1 and 2 are examined by the committee and, as a matter of expediency, the most apparent cases of serious rent increases are selected for first consideration. By "serious increases" is mean cases in which the percentage of increase is relatively great. A comparatively small dollar increase on a low-rent unit may mean a high percentage of increase.

The committee should then invite the landlord to appear for a hearing on a specified date. Either prior to or at the hearing the landlord fills out Form No. 3 or 4, entitled "Landlord's Report on Tenant Complaint" and "Landlord's Report on Roomer or Lodger Complaint."

THE HEARING OF INDIVIDUAL CASES

At the hearing the committee should call upon the landlord to present his reason for the rent increase against which complaint has been filed. It should also secure further information from the tenant or other interested parties.

A variety of arguments will be presented to explain the rent increase asked by the landlord. It is recommended that the committee do not accept the following considerations in judging a particular case:

1. The income of the tenant and any change in the income of the tenant which may have occurred since the fair-rent date. This is a problem not directly relevant to the tenant-landlord relationship. If landlords or tenants seek to introduce this factor into the discussion, the fair rent committee should adopt a definite attitude on this subject; the income of the tenant is not pertinent evidence.
2. Return on original investment. If the committee is to function successfully and to cover a substantial number of cases, it is not practicable to enter into the elaborate analysis involved in any judgment of return on original investment. There is moreover no reason why the tenant should be affected by the wisdom or lack of wisdom exercised in the original purchase of the property.

Excluding these two factors, the committee should judge each individual case on its merits. Landlords will frequently raise problems of increased costs of taxation and services incurred since the fair-rent date. The committee should suggest that increased costs, if added to the rent, be spread over a reasonable length of time.

THE COMMITTEE'S RECOMMENDATION

When both the landlord and the tenant have had an opportunity to present their sides of the case, the committee should make its recommendation. This recommendation should be communicated to the landlord with the request that he inform the committee of his position.

Should the landlord comply with the recommendation of the committee, no further action is necessary except for a formal check on the rental during the next rental period.

FURTHER ACTION IN CASES OF NONCOMPLIANCE

Should the landlord refuse to comply with the recommendation, the committee, at its discretion, may proceed to make public the facts of the case.

The committee should also communicate its recommendation to the local homes registration office which, in accordance with an agreement between the Office of Price Administration and Civilian Supply and the Division of Defense Housing Coordination, will refrain from registering a dwelling unit or room whose rent is declared unfair by the committee.

If, in the course of the hearing, it appears that existing ordinances with respect to housing or sanitary regulations have been violated, the committee should bring these facts to the attention of the proper local authorities.

COMMITTEE REPORTS

The committee should keep a record of its action on form No. 5.

From time to time the committee should inform the rent section of the Office of Price Administration and Civilian Supply about the progress of its efforts by presenting a summary of the disposition of various cases on a schedule which will be provided for this purpose.

TESTIMONY OF LEON HENDERSON—Resumed

The Chairman. I have read your statement and I think it is very valuable. Of course, the committee has been interested so far this session on defense migration. We have been to San Diego, Calif.; Hartford, Conn.; Trenton, N. J.; and Baltimore, Md.; and we are now just simply tying up the loose ends here in Washington.

We never make an attempt to cross-examine any witness. We are just a fact-finding body and glad to get any information we can.

Congressman Osmers, of New Jersey, will ask you a few questions, Mr. Henderson.

Mr. **Osmers.** Mr. Henderson, will you outline for the committee some of the rent situations that you are finding throughout the country?

Mr. **Henderson.** In the first place I would say no thanks are due from the committee. I consider it a privilege to be here because this problem has been of personal interest to me dating back to the time when I was with the W. P. A.

RISING RENTS

On the matter of rents. Rents being charged for housing accommodations in defense areas have a direct bearing on the many aspects of labor migration. If defense production is to proceed smoothly we must be assured the workers are willing to migrate to those areas where they are needed and when they are needed, and once they have accepted defense jobs in new localities that their living conditions and general living facilities are good enough to keep them there and that if they choose to stay their health and morale will be maintained.

This problem of housing defense workers was something which the old Defense Commission saw very early but I think, like in other things, we didn't raise our sights fast enough. Defense needs, in other words, grew so rapidly.

Mr. **Osmers.** You mean the housing program lagged along with the defense program?

Mr. **Henderson.** That is right.

But I think in fairness I should state that instead of waiting as was done necessitously in the last war, the Defense Commission and the President gave immediate attention to it, but the program mounted so fast that probably we should have started with the Defense Commission in some of the matters of prices and rents and housing.

Mr. **Osmers.** Do you think, Mr. Henderson, more attention should have been given to those problems before contracts were let? I mean it is so easy to sit here in Washington and negotiate a $200,000,000 contract for some town down in Alabama or some other place, when it seems to me that there hasn't been enough attention given to the civilian pressure that is created as a result of those contracts.

Mr. **Henderson.** Well, as I said, it is obvious from what we are experiencing now in our rent inquiries and our work with defense areas, that we didn't begin in time nor move fast enough. But there is a necessary amount of time that has to elapse in getting an organization and getting the money and making the arrangements. I wouldn't want to appear to be critical of those in charge of defense housing, but I would say that, along with the rest of us defense commissioners, they didn't see the problem mounting as fast as it actually turned out to be mounting and, therefore, in our preparations—and this is from the standpoint of prices, rents, and everything else—we didn't move fast enough.

Mr. **Osmers.** Considering how few of the defense dollars have been spent, in proportion to the total that will be spent, that have been appropriated, isn't it fair to presume that these problems will become more acute rather than less?

Mr. **Henderson**. Most assuredly.

ACTIVITIES OF O. P. A. C. S.

The **Chairman**. Let me interrupt for just a moment. That is evidenced by the fact that the President has asked for $300,000,000 more for housing.

Mr. **Osmers**. And I would say, Mr. Chairman, that with just the sketchy look that we have had at the situation, $300,000,000 may not be enough to take care of some of the things we have seen in our studies.

Now, I wonder if you would outline for the committee, Mr. Henderson, the activities of your office with respect to this rent situation?

Mr. **Henderson**. I presume you don't want me to advert to the printed statement which contains a number of examples which is placed before you.

Mr. **Osmers**. We have included your whole statement in the record. I have glanced over it and I wonder if you would sum it up for us—what you have done and what you are going to do.

Mr. **Henderson**. Now, in the setting up of O. P. M. there was a concentration on getting out defense production. The various powers assigned by the Executive order to the O. P. M. were directly related, of course, to the emergency problem of stepping up defense and getting the facilities that were necessary. It has been obvious ever since we began the defense effort that the impact of the defense program on the civilian population was bound to be great in this period.

I was talking with Mr. Baruch this week as to the speed with which some of the problems came on us and it seemed obvious that one of the reasons is the great increase in heavy mechanical armaments. The great demand for tanks, airplanes, and huge machines of all kinds, and their resultant demands for raw materials, is the reason why the impact on the civilian population comes earlier and perhaps more acutely than it did in the last effort.

Mr. **Osmers**. Would you say, in comparing this situation to the World War situation, that in the World War situation we worked up to the point we are now, gradually from 1914 to 1917, and at a more or less orderly pace and that it wasn't thrust upon us as it is today? Do you think that that pre-war period had something to do with the time element?

Mr. **Henderson**. Most assuredly, but I think that now you get a demand for materials for these mechanical weapons such as did not happen in the last war—that is, the amount of aluminum that is necessary for a big bomber is totally unrelated to any kind of a device that was used in the last war. And for that reason, among others, this impact on the civilian economy comes more acutely and comes earlier.

For that reason the President set up O. P. A. C. S., the Office of Price Administration and Civilian Supply, and appointed me as Administrator.

Our problems are chiefly those of the civilian economy. If we assume that in the current fiscal year about 20 percent of the Nation's production of goods and services will be going for the armament program, there is 80 percent which is the general range of our sphere of activity. We have the question of prices as they affect not only the purchasing which Don Nelson will do for the Army and Navy and the other forces but we have the responsibility for prices as they affect all of the civilian buying.

CONSUMER PROTECTION

Now, pretty generally our work falls under the heading of, first, Consumer Protection. That is under Miss Harriet Elliott, who was appointed the Commissioner for Consumer Protection in the old Defense Commission, and that is a point of contact for consumer organizations throughout the country, and is also a place from which information directly bearing on consumer problems can go out. And in addition, Miss Elliott's division sits with our other operating divisions and represents the consumer point of view. When we are establishing a price for an article for civilian consumption, Miss Elliott's representative sits right in, in order to make apparent to those people making the price schedules what the effect on civilians is likely to be.

Mr. OSMERS. Are rents under Miss Elliott's jurisdiction?

Mr. HENDERSON. No; Miss Elliott did have rents in the old Defense Commission, but in the present set-up she has taken over the functions of an advisory character that I had in the old price commissionership in the Defense Commission, and continued all her own advisory relations.

Then the operating units that she had have come over and have dropped into our Price Division and our Civilian Allocation Division.

For instance, the man that she had on Food Supply is now in charge of the price unit on Food Supply, but she has a representative who is working, not only with us but with the Department of Agriculture, with the Bureau of Standards, and the civilian consumer agencies and bringing his experience to bear on any price ceilings that we have to establish in the food line.

PRICE DIVISION

The Price Division is one of the two operating divisions and there we keep a watch on all the important prices. And I might say that we have a set-up now which, of course, is far more embracing than was ever available before. I have had occasion to express my admiration of what the War Industries Board did in the last war in the way of control of the upward movement of prices, and that admiration springs somewhat from the greater knowledge of these problems that we have today—there are so many more facilities for us to work with.

For example, we get, through our arrangement with the S. E. C., a report four times a day as to the activities of the principal commodity markets. That is, we have a running record all the time as to what is happening in those markets.

Mr. OSMERS. Now, what authority do you have, Mr. Henderson?

Mr. HENDERSON. May I finish?

Mr. OSMERS. Proceed in your own way.

Mr. HENDERSON. I left a couple of my divisions hanging over here.

Mr. OSMERS. We don't want to tie them all up with red tape.

Mr. **Henderson**. Now, that Price Division is the one that directly establishes the price ceilings. Then we have the Civilian Allocation Division. After defense has taken priority on any commodity or any industry sufficient to fill the orders that have gone out from the Army or Navy, we have to make the plans and programs for distributing the residual supply among the competing civilian needs.

Now, it is obvious, as was announced yesterday, that all of the aluminum is taken for defense account. There is none available for civilians and presumably we have no problem, but I can assure you we still do, from the civilian end, have a problem on aluminum.

However, on copper and zinc, and probably on 20 more metals, there is a reduced supply, and that amount has got to be distributed where it will do the most good for the civilian economy.

Through the Army and Navy Munitions Board, ratings come down vertically on a commodity and preempt, you might say, a certain amount of material for prompt use in defense production.

CIVILIAN PREFERENCE FOR ESSENTIALS

We in O. P. A. C. S. have to cut horizontally and our first plans and programs were issued to give a civilian preference to the maintenance of transportation lines, to the maintenance of the public utilities—to fire prevention, to public health—that is to the things which are acutely essential to keep the wheels of the economy running. And then anticipating that there will be a reduction in the amount of heavy equipment that is usually made for civilians as, for example, farm equipment and automobiles and refrigerators and all such things, we have made a rating for repairs.

In other words, we have said in our plans and programs that since there will be this reduced amount of new mechanical goods available, it is highly essential that the garages and the repair shops of all kinds are assured of a full flow of materials if there is anything left. It is not until we get beyond the satisfaction of those urgent needs that we get into the question as to how much a civilian industry can have of this residue.

I might say that that is probably the most acute problem that we have right at the present time. There is no parallel for that type of an operation.

CIVILIAN SUPPLY

We also have a general assignment of civilian supply which we have not departmentalized. I just came from a meeting which Ed Stettinius had called with the copper producers to discuss with them how we could get an additional amount of copper production. We work in that civilian-supply function to try to get an increase in the amount of materials and facilities that would be available to continue the civilian industries, some of which are going to be very drastically cut.

It is not only a matter which concerns employment but it is a matter of high concern to me with respect to inflation. We are getting an increasing volume of purchasing power being poured out into the system, and people have been hungry for goods of all kinds. As a result the consumer demand has been greatly stimulated and will continue to be. Well, if for reasons of urgency we have to cut down on civilian production it is obvious you are going to have a larger amount of purchasing power in the system trying to make its claims to the shortened supply of goods.

What I have really done in that sentence is express the classic definition of inflation. That is, a greater volume of purchasing power than the supply of goods. That is what gives rise to the bidding up of prices.

Now, we also have some auxiliary functions, including a legal division, which has charge of the work of enforcement and the legal questions, but that in the main is my organization.

Mr. OSMERS. Well, that is a very complete description of your function.

AUTHORITY OF O. P. A. C. S.

Now, getting back again to that question I asked you before, what authority, what real authority, does O. P. A. C. S. have?

Mr. HENDERSON. I am glad you asked that question. We have the same authority in O. P. A. C. S. as the War Industries Board did in the last war. The authority arises from the President's emergency powers and his obligation, of course, under the Council of National Defense Act, to maintain the kind of balanced economy in which you can get production and keep the people's morale up and the general economy going.

Now, that authority—the authority to fix prices under that emergency power—was never challenged during the last war. The War Policies Commission, the Nye committee, the Graham committee, and several others have reviewed the activities and never have they for one minute criticized it.

In the last war, except for food under the Lever Act, which was knocked down for a constitutional reason not related to the right under an emergency to fix prices, but for other reasons, no specific authority was granted to the War Industries Board or to the President for the fixing of prices, such as for copper and zinc and lead and others.

The sanctions, however, were indirect sanctions, and when Baruch and Brookings, who ran the Price Fixing Committee, found a recalcitrant they exercised other powers which were available to them, such as shutting off of transportation, and they also held the power of commandeering in order to fix the price.

Now, all those powers are available to us and others besides, but where the question has risen to the extent that it has risen, it has been that there is no specific congressional statute, and therefore the penalties do not run to the violator directly.

POWER TO FIX RENTS?

Mr. OSMERS. You mean that they have to be applied through the back door, so to speak?

Mr. HENDERSON. That is correct.

Mr. OSMERS. Through pressures and clubbing, if you want to call it that, to make people comply.

Mr. HENDERSON. I have had complaints that I haven't used the club enough.

Mr. OSMERS. Does your office at the present time have the power to fix rents?

Mr. Henderson. I think that if there were a situation in a strictly defense area which was of an acutely demoralizing nature, that we would have the same authority in that area to establish a ceiling on rents as we do on prices.

Mr. Osmers. Is there such a thing as a "purely defense locality" or "area"?

Mr. Henderson. Well, as far as housing goes you know the President can spell out an area, and I should say that that brings it within the emergency powers of control.

Mr. Osmers. Well, would you be able to fix rents in an area like the Baltimore area, for example, which this committee visited 2 weeks ago?

Mr. Henderson. If you ask me if we have the power, I think that the sovereign power of the Federal Government does have authority to handle any kind of an emergency situation.

Mr. Osmers. I am not questioning the sovereign power of the Federal Government. I mean does O. P. A. C. S. have the power to fix rents—that is the question.

Mr. Henderson. On the matter of power I would say, "Yes"; on the matter of having anything which was available to do a complete job and a correct job, I think not.

MORE LEGISLATION NECESSARY

Mr. Osmers. You think that further legislation is necessary?

Mr. Henderson. Absolutely And we have, as you know, been working with the House District Committee on the preparation of the Randolph bill for rent control.

Mr. Osmers. Will that apply only to the District of Columbia?

Mr. Henderson. That will apply to the District of Columbia; yes.

Mr. Osmers. Well, how about the people that live outside of the District of Columbia that are being abused probably just as badly as they are here?

Mr. Henderson. As, for example, in San Diego, and places like that?

Mr. Osmers. Any place you would mention.

Mr. Henderson. Well, I would think that either with concurrent legislation or treated separately, that there will have to be legislation for rent control in these defense areas.

Mr. Osmers. Would you say that rent fixing, or rent control, or whatever we might call it, should take the effect of adopting a certain time or month—some particular month of some year as a normal and adhere to that, or would it be adjusted to various situations?

Mr. Henderson. I think a combination of a base period with proper adjustments, with justifiable increased costs taken into account, would be the fairest way.

Mr. Osmers. For example, this committee has had instances, many of them, of a changed type of occupancy. In other words, we would hear of a house that rented for $30 a month for one family, but now it is a rooming house with 12 people in it paying $4 a week each, or something like that. With a changed type of occupancy, any division of the Government that would seek to establish a fair rent base would have to study that particular situation. I mean, they could not apply any rule of thumb and no one could say it should rent for $30 a month this year, because it ceased to be a one-family house.

Mr. HENDERSON. I would agree to that, and I would say further, that any type of control of prices or rents will fall down if it has to be based upon some arbitrary factor as a base period or an index number. The only way that I know to make a price schedule or a price ceiling work is to do what we call "price administration" after the establishment of a level, to provide for unusual circumstances, such as the hardship cases, an increase in cost, etc. In every one of the price schedules that we have established, and it would seem to me it would be true of rents, we have undertaken immediately to carry forward a study as to how that price operated whether there were hardship cases and when they have been established by fact we have made the adjustment.

I think that would certainly be true of any type of rent control.

COTTON-GOODS PRICE CONTROL

Mr. OSMERS. I heard of an isolated instance of the work of your office. I cannot give you dates, names, and places because I didn't check into it, but I believe it was in a cotton-goods situation, and something was selling at 16 cents a yard and I think your office stepped in and made it 12 cents a yard, and it caused a great deal of distress.

Mr. HENDERSON. I think I could give you the particulars of that.

Mr. OSMERS. Because the goods had been manufactured to sell at 16 cents or something of that sort.

Mr. HENDERSON. We fixed a ceiling on cotton yarn at 42 cents, and at the time we did it the market had run up to about 52 cents.

Mr. OSMERS. How did you arrive at the 42-cent figure, Mr. Henderson?

Mr. HENDERSON. We arrived at the 42-cent figure by considering the cost of the raw material and the mill margin. It is customary in the textile industry to separate the cost of cotton from the total price and that gives you the mill margin, and that mill margin that we set was a margin that had not prevailed in the industry for a long time and we were satisfied that it was a reasonable margin which would allow a profit to the producers.

Mr. OSMERS. Was it a larger margin than had prevailed in the industry for a long time?

Mr. HENDERSON. It was a larger margin than had prevailed in the industry for a long time, but it was a smaller margin than they had been getting due to the recent inflationary tendency in that particular construction of cotton yarns.

EFFECT OF COTTON PRICE FIXING

Mr. OSMERS. Taking that particular instance, what was the practical effect of that particular fixed price? Is it working out?

Mr. HENDERSON. Yes; it is working out.

Mr. OSMERS. Is it causing any real distress that you have found in any particular?

Mr. HENDERSON. We have made some adjustments in individual hardship cases and we are considering all the time what has been the effect of the rising price of cotton on this margin. That same thing is true with the cotton textiles in which a price ceiling was established more recently.

It always takes a little time to make those adjustments. Now, we were at work for 3 or 4 months studying the cotton textile print cloth ceilings and when we established them we immediately struck a market for the raw material—cotton—which was advancing, and we are in the third day now of discussions with the cotton textile industry as to changing costs.

We make changes as far as the individuals are concerned on the proper establishment of facts and we make changes in the whole price on the establishment of facts.

Mr. OSMERS. Do you in any way attempt to fix any of the costs that went into material other than this mill margin—I mean like the cotton or the mill work?

Mr. HENDERSON. No.

Mr. OSMERS. Or labor or any of those things, or transportation?

Mr. HENDERSON. No. We didn't attempt to do that. We made a price based upon a liberal price for their raw material, an adjustment necessary for the wage-and-hour law going into effect in that industry and then a substantial margin.

HARM DONE BY RENT RISES

Mr. OSMERS. Now, getting back to the rent situation for a moment: Do you feel that the defense program has been harmed directly because of this rent situation?

Mr. HENDERSON. Yes, sir.

Mr. OSMERS. In other words, this committee being primarily interested in the migration that has taken place and will result from the program, we have seen instances where workers have been prevented, actually prevented, from migrating to a defense job because of, first, a lack of housing generally and, secondly, the high cost of housing.

Mr. HENDERSON. Don't you think, Mr. Congressman, that the production of individual workers is tied pretty directly to their morale and their morale is tied to their living conditions?

Mr. OSMERS. Without any question. It is so obvious to this committee. We have had these poor, miserable people that come with their families 1,000 miles and they are doing their job, but there aren't road facilities to get them to their work and there aren't any places for them to live; no schools for their children, and certainly their morale has been harmed.

Now, would you just outline briefly—you mentioned it in your statement—what rent reduction efforts your organization has made thus far and what form those efforts have taken?

Mr. HENDERSON. We have a rent section and we had previously, in Miss Elliott's division and in my division of the Defense Commission, worked out a proposed or suggested type of State law for the regulation of rents, which has been available to the various States, none of which, however, have adopted it.

Mr. OSMERS. In brief, what is the form of that?

RENT ADMINISTRATION

Mr. **Henderson.** It provides for a rent administration which is able to establish ceilings and to hear complaints and gives it authority to punish violators and makes a provision for appeals in the proper manner. It is a fairly simple statute but the main part of the effort has been through our field representatives who go out to the defense areas where there are acute situations and work with local officials and civilian groups in setting up voluntary Fair Rent Committees.

These field men are well versed in what the experience has been in other areas and they bring that to the communities. Now, I don't know how many of those we have right at the present time but my guess is that we are participating in such efforts in about 15 areas.

Mr. **Osmers.** Are those efforts successful?

Mr. **Henderson.** I think that they exercise a restraining influence. I am quite sure that in some of the towns in Indiana and in the Norfolk area that there would have been runaway rent situations if the citizens had not established that kind of a mechanism.

Mr. **Osmers.** But the only force behind those committees is the force of public opinion, is that correct?

Mr. **Henderson.** That is correct.

Mr. **Osmers.** And no compulsion at all?

Mr. **Henderson.** That is correct. However, and I don't want to mention the name of the city, but there is one city with which we are working that has found some indirect sanctions in order to make their suggestions effective.

INDIRECT SANCTIONS AND PRESSURES

Mr. **Osmers.** As a matter of future policy, do you believe that this Government, through this emergency, should deal with indirect sanctions and pressures and all that sort of thing, or should we face the problem directly and either deal with it through legislation or fail to deal with it, as the case may be, but anyway, deal with it from an honest government standpoint. What is your opinion?

Mr. **Henderson.** I am sorry you put it on the basis of "honest government." I think it ought to be approached directly; but let me say this: From my studies of the enforcement of the price schedules, which the War Industries Board got out, it seems to me that when you have an emergency and when a need is very clear and you have a conflict, that the sovereign power of the Government does have a right to use indirect sanctions in order to get observance of something which is recognized and accepted by the community as necessary in that emergency.

From the standpoint of administration, from the standpoint of clarity, from the standpoint of protection of an individual's interests in the normal method of his right to appeal, however, it seems overwhelmingly clear to me that you ought to attack the problem directly.

Mr. **Osmers.** But it seems to me—and I agree with what you say about the obviousness of it and the public desirability of bringing these things about—you do build up a series of practices that in the long run really strike right at the heart of democracy if you use these indirect sanctions and pressures. Sometimes they are abused and that is not publicly desirable.

Mr. Henderson. I should hate to see—to take an absurd condition—that when an owner of an industrial plant violated a speeding law that he would have an embargo on all boxcars coming into his plant as the penalty. I think the penalty ought to be tied directly to the violation.

Mr. Osmers. I think we are substantially in agreement on that.

DEFENSE INDUSTRIES OVERCONCENTRATED

Now, do you feel that we have concentrated our defense industries too greatly or not?

Mr. Henderson. Categorically, yes.

Mr. Osmers. Do you feel that the present tendency will have a great deal to do with the migration problem? Do you feel the tendency now is more toward concentration or less toward concentration?

Mr. Henderson. I haven't looked into it in detail as I did when I was on the Defense Commission. I can say this, that it is obvious that earnest attention is being given to trying to get more decentralized locations. But when you get under pressure to get out orders, as is the case with the Army and Navy procurement agencies now, it is a natural thing to add to the orders already placed and that adds to our concentration. Over a period of time the War Department had been building up knowledge of companies who could convert some part of their facilities to the war effort, and particularly through the ordnance districts they had a pretty good working knowledge of what those companies could do, and under pressure, as I say, I think it is a very human thing that they would turn to the companies that they know.

Mr. Osmers. In the course of its work this committee has visited a large shipbuilding enterprise and, of course, we realize how acute the need for ships is. But from the information that we gathered there it is a lot easier to say that you want to decentralize shipbuilding than it is to do so, because of the extremely complicated nature of the management of a shipyard and the key personnel that are required to put a yard in being, so that we may not be able to do as we might want to do. In other words we might think it would be desirable to put a shipyard in Jacksonville but if there was no shipbuilding company operating there we might hold back the program more than by enlarging an existing yard somewhere else; isn't that so?

Mr. Henderson. That is so. I think, however, if the attitude of mind on the part of those that give out contracts was 100 percent directed toward defense, we would get a lot more decentralization.

UNEMPLOYMENT DUE TO PRIORITIES

Mr. Osmers. Now, how much unemployment would you estimate has been created to date by priorities?

Mr. Henderson. I can't estimate that.

Mr. Osmers. Is it a large number, Mr. Henderson—is it growing larger?

Mr. **Henderson.** I think that what is happening is this: First, you fail to get the increase in employment which would naturally come from the defense orders by reason of priorities, and then I think that we have gotten some drastic unemployment situations—some of which I spelled out in my statement because of priorities. But more important, however, is what is over the horizon now. We have not cut through with priorities anywhere near as deeply as we will have to cut, and whereas we have had new records made in most of the consumer durable goods that compete with defense items for materials, the prospects for them for the next year is that of pretty drastic reductions.

Mr. **Osmers.** Now, in your opinion would it be reasonable to expect a great number of these displaced workers to migrate about the country seeking employment opportunities in defense industries?

Mr. **Henderson.** Yes, and I say that because when these cuts come as they will at the raw material line——

Mr. **Osmers.** Then you have a geographical problem?

Mr. **Henderson.** Yes; but there will not be defense orders or noncompetitive things to manufacture immediately available and workers knowing that there is an acute demand in defense industries for certain kinds of skills, undoubtedly will migrate. I think we will follow the pattern of the experience in the last war and I expect to see a considerable increase in the migratory labor problem.

Mr. **Osmers.** Have any acute labor shortages developed to your knowledge?

Mr. **Henderson.** I do not have a working familiarity with that.

Mr. **Osmers.** But at least to your knowledge you haven't any acute labor shortages before you?

Mr. **Henderson.** No.

Mr. **Osmers.** That seems to be rather a debatable question. The unions say there isn't any shortage but the employers say there is in some instances.

"QUALITATIVE" SHORTAGE OF LABOR

Mr. **Henderson.** Isn't it a qualitative shortage? We looked into one situation just this morning where the employer complained there was a shortage and the union said there are 800 men available.

But the company had been working, up until recently, on a pretty low volume of operation and obviously it had kept its best men and it had certain standards of performance. In fact its wage rates were geared to production in which only high-grade men were used.

Well, as they attempted to move forward the difficulty of getting men as highly qualified as those already on the rolls, became pretty acute and what they were saying is, that although some of these men may call themselves carpenters, they certainly are not carpenters as far as the pay roll is concerned. I think you get a qualitative distinction there which means that you have got a qualitative shortage.

Mr. **Osmers.** Do you think that this defense program will lead us to a theoretical full employment before we are through?

Mr. **Henderson.** That depends on what the adjustment is, how rapid the adjustment is, in the civilian economy, to the displacement that is coming about by reason of priorities for materials. Now, in the first month of its war effort England had, and I don't want to be held too closely to this percentage, but it seems to me about 25 percent increase in unemployment despite all that increased effort—the bending of every effort to get on a wartime production basis. As I say, despite that they had a 25-percent increase in unemployment.

Now, if the things that I see in these gloomy several months ahead actually transpire, then the question of reaching full employment is going to be postponed.

Mr. OSMERS. A great deal will depend, I would say, upon the activities of your office, will it not?

Mr. HENDERSON. No. Let me put it this way: The displacement is coming, of course, in the civilian end of the economy by reason of priorities for defense items. Now, in order for a manufacturer to get over onto defense and thereby take up employment that has been cut off on his civilian end, you have got to look to the volume of Government orders.

In other words, it seems to me that the rate at which the defense orders that haven't been allocated are put in these plants that are going to be cut down, is going to determine how much unemployment we will have by reason of priorities.

FACTORS IN CIVILIAN ALLOCATIONS

Mr. OSMERS. What factors is your office going to take into consideration in determining civilian allocations in order that you make a fair distribution?

Mr. HENDERSON. We are going to, as I said earlier, try to provide for the public welfare necessarily first, and then we are going to take into account the repairs and then we want to take into account how much displacement of labor is likely to be occasioned. For example, we ran into a situation the other day where by merely securing a small amount of a necessary metal a whole industry could go forward and obviously that was the thing to do. Then where there are substitutes available—for instance there would be no substitute for nickel to be used in some heating element, so obviously that would be favored as against a company that can go from nickel over to some other metal or from copper over to cast iron, or can go from enameling over to a paint job or things like that. Those are some of the considerations.

I have spelled out these factors in my statement but I would like to draw your attention to the fact that OPACS was not created until April 11 and we are breaking entirely new ground and it is an enormous problem and it is not a very happy one to handle.

Mr. OSMERS. I imagine not.

CUT IN AUTOMOBILE INDUSTRY

Now, do you know the approximate number of people in the United States who are employed in the automobile industry—roughly?

Mr. HENDERSON. No; I don't.

Mr. OSMERS. It probably runs into several million when you take into account all of the subsidiary industries that depend upon automobiles. Now, there is at present a cut contemplated in the production of automobiles for next year of 20 percent, is there not?

Mr. Henderson. That was the cut which was announced in May as a minimum.

Mr. Osmers. Now, I have a little clipping here from the New York Times, which you have probably seen, under the date line of July 11, which is as follows [reading]:

"Governor Van Wagoner said today he would ask President Roosevelt in a letter to block curtailment of automobile production beyond the 20 percent to which the industry already has agreed.

"The 20-percent reduction is scheduled to go into effect with introduction of 1942 models on August 1, and O. P. M. sources have said it may be increased to as high as 50 percent to free men and materials for defense production by the automobile industry.

"The Governor said he would forward to the President a report from the Michigan Defense Council forecasting widespread unemployment and a loss of $15,000,000 a year sales tax revenue in Michigan if new-car production was cut 50 instead of 20 percent."

Now, the committee is very much concerned with that industry because if large numbers of people are displaced it will probably start a mass migration from the automobile areas to every part of the United States.

I wonder if you can shed any light on the automobile situation?

Mr. Henderson. Can I start way off here?

Mr. Osmers. In your own way, Mr. Henderson.

MUST CUT ALL CONSUMER DURABLE GOODS

Mr. Henderson. It will be necessary to cut not only automobiles but all the consumer durable goods—electric stoves, refrigerators, vacuum cleaners, household appliances generally, and that necessity does not arise from just an idea to cut down.

The thing which will cut down the automobile industry will be the shortage of material because of its diversion to the defense effort, and regardless of what the pressures are, regardless of what the employment considerations are, there is this force at work now which is going to mean a cut and it seems to me that the consumer durable-goods industries that are going to be scarce of materials are entitled to know as fast as they can what the prospects are so that they can make their plans.

Let me put it this way: The automobile industry is partially an assembly job and the spare parts manufacturers are entitled to know what is going to be the need for spark plugs, for horns—for the things that are made outside of the automobile plant. A method of making a determination fairly early, based on the best information you have as to what materials are going to be forthcoming for civilian use, seems to be much more preferable than to allow industries to run at a mad pace of production now and then come to almost a complete halt, which could bring about situations in some of these consumer durable-goods industries, such as in the automobile industry and the rest of them, whereby you would intensify the present situation. The industries would have expediters out on the road trying to get carloads of materials—scarce materials—into their plants so they could keep on operating.

Well, pretty soon you would reach a point where there just wasn't any more material, particularly if the Government enforces its priority orders.

PRIORITIES MUST BE MAINTAINED

Now the Government has so far been very, very considerate, and it has not really put on the pressure as to the maintenance of the assigned priorities; but if that situation were to continue it would mean the defense plants would be out of material, so what I foresee is, and certainly it is in the program that Mr. Stettinius has announced, that there is going to be an insistence in this shortage period that priorities be adhered to and that there be no diversion for the consumer durable goods, no matter how powerful their pressures are.

Mr. **Osmers**. I understand now that many of these civilian industries are doing as you outlined—they have scouts out on the road trying to get this raw material and they are going hammer and tongs, but in the opinion of your office there should be more of a rationing, if I may use that term, over a period of time rather than going up to a certain point and then cutting it off?

Mr. **Henderson**. In certain cities having only one industry, a complete shut-down is an additional factor. From our conferences with the consumer durable-goods people this week I am convinced that if they are told definitely that "this is your program," they will accept it most heartily.

Mr. **Osmers**. It will apply to everyone in their industry?

Mr. **Henderson**. Yes, sir; and they will accept it and they will apply American business ingenuity to make any necessary correction.

I feel also that if that is done the pressure will then be put on the manufacturer to find competing jobs, to get subcontracts from defense, to get contracts from the Government. The pressure from the appropriations that have already cleared and the appropriations that have not yet been translated into orders, and from the things that you have seen on the horizon as to the expansion of shipbuilding and the expansion of utilities and the intensification of the lease-lend program, particularly if a good job is done in breaking these programs down into things that can be done by the civilian industries with their idle equipment, plus the pressure exerted at the other end—that is, the fact that they can only run 40 to 50 percent—these pressures will help to repair this dislocation.

But I think as long as you let the thing run there is always that feeling that you can get the expediters out and you can scrape the barrel. You can make a deal, as we find from time to time, with, say, a secondary smelter to get a little ore or you can find a gutter broker—a black market somewhere for just enough to keep going.

But we are scraping the bottom of the barrel on some of these essential materials, and it is about time it stopped. Otherwise we are going to have not only a dislocation in the consumer-goods industries but we are going to have a breaking down of defense at the time when it should go forward at an increased rate.

Everything on the horizon, the logic of events, insists that not only shall the program be larger but that it shall be moved forward. Needs are such that the effort has got to be concentrated on getting things quicker.

NEW CUT IN AUTOMOBILE OUTPUT

Mr. **Osmers**. If we let things run, with the knowledge that you haven't got enough, there will be an acute impairment of defense as well as civilian production?

Mr. **Henderson**. If you translate copper, zinc, brass, steel into body frames or refrigerators or vacuum cleaners, you can't translate it back in order to make bombers and tanks without a great deal of effort.

Mr. **Osmers**. Now, is a further cut in automobile production contemplated?

Mr. **Henderson**. Yes.

Mr. **Osmers**. To the 40 or 50 percent that has been rumored in the newspapers?

Mr. **Henderson**. Well, we are right in a series of conferences with these consumer durable goods industries now.

Mr. **Osmers**. Does that include automobiles?

Mr. **Henderson**. We had the automobile meeting on Tuesday, as I recall. I think it is the ice-machinery people today. Not until we get through with all those and match their needs against what defense is going to leave for civilian account, will we know what cuts we have to make.

Mr. **Osmers**. So, although a further cut is likely, the decision has not yet been made?

Mr. **Henderson**. No.

Mr. **Osmers**. Now, the reason I asked about that decision is——

Mr. **Henderson**. May I say this: It is obvious that O. P. M., looking at its serious problem, knows how much of an industry's facilities and men and managerial power and raw materials it is likely to have to have to meet the increased program. Now, the O. P. M. may have, in some of these industries, like automobiles, an idea of how much they have got to preempt, but after that preemption there will still be the consideration of how much all of them can get on an equitable basis, and that is for the determination of O. P. A. C. S.

Well, naturally, we are working back and forth all the time, and our men sit in the conferences the O. P. M. has and their men sit in the conferences we have, and we haven't come to a joint determination yet.

DETROIT HOUSING HELD IN ABEYANCE

Mr. **Osmers**. There are two reasons I asked you those questions about the automobile industry. The first is the effect that the cut, even the present cut, will have on employment conditions within that industry, and the second reason I asked you those series of questions is this:

We understand that the housing program in Detroit has been held in abeyance pending a decision on automobile production, and this committee is naturally concerned about that, feeling that no decision on the housing should be made until they know what the future of the automobile business is going to be. That is why we are interested in knowing when that decision is going to be made. Is it believed to be in the near future?

Mr. **Henderson**. On our end; yes.

Mr. **Osmers**. Within a few weeks or a month?

Mr. **Henderson.** As I testified before, O. P. A. C. S. touches a number of industries that are not touched directly by defense—that is by way of placing contracts with them—and I am hoping to get an early determination because the manufacturers that we have met with have said one of the essential items for them in this readjustment period is to have some definite information as to our program. So we are working day and night to try to get our determination made.

Mr. **Osmers.** Now, if it were demonstrated satisfactorily to you and to your office that a 50 percent cut in automobile production would lead to tremendous unemployment, would that be a deterring factor in your decision?

Mr. **Henderson.** If I may go back to my previous testimony, I would say that I would have to put that against what we know is going to be available in the way of raw materials for that industry, and once having done that, if there isn't enough to go around we would have to make our decision accordingly. First, we would have to consider the needs of the entire civilian sector of our economy, as our obligation runs to keeping this reasonably well in order. Secondly, we would have to consider what the seriousness of the unemployment would be in one industry as against another.

Do you get my point?

Mr. **Osmers.** You would have to balance the various industries?

HORIZONTAL VIEW OF ESSENTIALS

Mr. **Henderson.** Yes; you might say that we have got to look at the thing horizontally whereas in the O. P. M. they have got to look at certain heavy goods industries on a vertical basis. They have got to look and see how far down in steel they have to go; they have got to look to see how much of the automobile industries' men, management, and facilities they need for this great block of unplaced defense orders. We have to look at it horizontally from the point of view of maintenance of the economy. That is a natural and logical distinction to make.

Mr. **Osmers.** Now, can you foresee a situation where there might result, as a result of curtailment in the automobile industry, wide unemployment?

Mr. **Henderson.** Oh, yes.

Mr. **Osmers.** You do foresee that possibility?

Mr. **Henderson.** You asked me if I could foresee it?

Mr. **Osmers.** Yes; do you foresee it?

Mr. **Henderson.** Let me put it this way. If nothing is done the shortage of materials will make a serious unemployment situation.

Mr. **Osmers.** If you just let it run its natural course?

Mr. **Henderson.** That is right. That has already happened in a number of towns as far as aluminum is concerned, and I have told of some of them in my statement, and we know of several others. It was called to my attention today in connection with farm equipment—tractors and combines. In one factory, despite the overwhelming demand, they are down to 50 percent of their production and they are bound to go further unless something is taken away from a less essential industry that is now chewing it up. They will have unemployment, you see.

RESTRICTION ON COPPER

I am counting on the recognition of the seriousness of this problem and this big backlog of orders and the ingenuity of American business and the earnestness of all defense officials to remedy these things to a certain extent.

We are out for additional copper. We have got roughly, say, 1,000,000 tons of production in this country annually and about a half a million that we bought from South America, and we could use, on the basis of the present defense outlook and what consumers are buying, nearly another half million tons. Well, now, copper on August 1 is going to be restricted very very severely. That means that there will be a period in there in which the industries having copper as an essential item will have unemployment.

Mr. OSMERS. Naturally.

Mr. HENDERSON. Well, now, by using all kinds of ingenuity and earnestness, ingenuity on the part of the copper producers and the fabricators and the earnestness of the governmental officials—we might be able to help some during the intervening period, until the production of copper has increased, but until then and until copper gets on the market again we are likely to have unemployment. I don't see how it can be escaped.

Mr. OSMERS. And, of course, that would apply naturally to the automobile industry the same as it would to any other industry.

OFF-THE-RECORD ON NEW LEGISLATION

Now, just one more question, Mr. Chairman, that I have in mind, and then I am through.

What form of legislation do you think this Congress should pass to assist you, particularly, in your price work?

Mr. HENDERSON. Mr. Chairman, may I be excused from answering that question?

The CHAIRMAN. You certainly may.

Mr. HENDERSON. I am under a binder of silence from several sources.

The CHAIRMAN. You might sometime contact the Congressman and this committee, and we will try to help you. Is there anything else?

Mr. CURTIS. How great a personnel would it take to enforce rent control in the District of Columbia?

Mr. HENDERSON. I haven't made an estimate on that, Mr. Congressman.

Mr. CURTIS. Do you have a rough guess at all?

Mr. HENDERSON. No; because such time as I have had to devote to rent has been devoted to getting the legislation in line, and I haven't talked with my unit on that at all.

Mr. CURTIS. What do you propose to do in a case where it is very agreeable on the part of the tenant and landlord both, that they violate the rent control law and have a side agreement to pay more?

Mr. HENDERSON. Let me go into consultation here.

(Speaks off the record.)

REPERCUSSIONS OF COTTON PRICE CUT

Mr. CURTIS. Now, coming back to this illustration that you cited in connection with cotton. You cut the price from 52 cents to 42 cents.

Upon whom did that cut reflect to any extent—the producer of the raw cotton?

Mr. HENDERSON. No. We made that cut when cotton was several cents lower than it is now but the cotton market is not determined by the loan rate. That is, if a farmer can get 85 percent of parity as a loan, he will not sell for lower, and, as you perhaps know, a lot of cotton which was on loan from last year's crop at a much lower rate than the market rate is now moving out, and so that cut or that reduction that we made did not affect a substantial part of the industry's production.

For instance, we had a gradual rise in the price of cotton yarns, and all of a sudden it turned up, and we cut off from that recent high price to the previous lower one. Well, that period of order placing was very, very short, and none of it had been delivered.

Mr. CURTIS. In other words, your price increase had not existed long enough to consume the excess cotton or to have the price of cotton exceed the price of the loan?

Mr. HENDERSON. I think that is correct.

Mr. CURTIS. Assuming we did get a price for cotton above the loan price, a free market on cotton, would such reduction be reflected upon the producer of cotton?

Mr. HENDERSON. You said a "free market on cotton"?

Mr. CURTIS. Yes. Perhaps that is not a well-chosen word, but I mean that the price would be above the loan value.

Mr. HENDERSON. You mean what we would do about our schedule?

Mr. CURTIS. I want to know if a cut similar to this would not be reflected on the grower of cotton?

Mr. HENDERSON. It would be reflected first on the margin which the mill owner has. If the price were kept intact to the extent that the mill margin was reduced below what the mill owner would accept, that would find its way back into the demand for cotton in the market and, of course, would be reflected in a lower price.

But let me point out that the mill margin on the cotton print cloth had gotten up to almost double what the mill margin had been in some of the lean years and, secondly, we are committed by policy to appraise it at a decent price and a price that will reflect the costs. Furthermore, we are committed to a policy of following the congressional mandate as far as any price is concerned on which they have made a determination, and that goes for the agricultural products.

I would like to say one other thing as a direct statement, that we have not at any point with our price ceilings, directly or indirectly, affected the market for agricultural commodities, as the experience of the commodity markets recently would show.

PERMANENCY OF PRICE-FIXING

Mr. CURTIS. Now, coming back to this fixing of rents: It would be about the same task here in Washington as it would be in any other city of the same size that had a certain amount of defense activity; wouldn't it?

Mr. HENDERSON. Yes.

Mr. CURTIS. Do you think that that price-fixing machinery, personnel, and the whole set-up for fixing prices would be abandoned after this emergency is over or, if we adopt this, it will be here to stay?

Mr. **Henderson**. I think it would be abandoned and should be abandoned when the emergency was over.

Mr. **Curtis**. How many articles have you undertaken to fix the price on as yet?

Mr. **Henderson**. Eleven ceilings, but the ceilings are not the only way in which we have affected prices. In some of them we have asked the producers not to increase their price without consultation with us and they haven't come around to discuss any increase in price. On others, we have asked them, and this is especially true where there are a small number of producers in an industry, not to raise their prices. Several industries have that kind of an informal arrangement with the Government.

In each of those cases that understanding runs directly from the individual producer to the Government.

And so, while we have 11 ceilings we have a large part of the various basic materials under some kind of a dampening effect. That is true of oil. As you perhaps know, refineries in the East and the other areas have agreed with us that they would not raise the price without consultation with us.

There is no formal ceiling, for example, on copper yet, but the price of copper has not varied very much since September of last year by reason of a very fine working arrangement with the leading producers in that industry.

Mr. **Curtis**. You stated a while ago that you felt that the Federal Government, through its inherent sovereign power, had authority to do whatever is necessary within certain limitations, during the period of emergency. Referring particularly to the price-fixing authority, in whom do you think that sovereign power rests?

Mr. **Henderson**. The President. I think it is very clear that it is with the President and I have a memorandum on that which I will be glad to supply to any or all the members of the committee.

The **Chairman**. We would like to have it.

(The memorandum referred to appears below:)

EXHIBIT C—THE PRESENT PRICE CONTROL AUTHORITY OF THE PRESIDENT AND THE OFFICE OF PRICE ADMINISTRATION AND CIVILIAN SUPPLY

OUTLINE

I. Nature of the price schedules and objections thereto.
II. Summary of underlying authority.
III. The Authority to issue price schedules in the present emergency is supported by the Executive powers of the Presidency and the commandeering and other statutes addressed to the emergency.
    A. Exercise of the authority during 1917 and 1918.
    B. Executive powers of the President.
    C. Congressional acceptance of the President's exercise of authority.
    D. The reenforcement provided by recently enacted statutes, such as the commandeering statute, including the adoption of the 1917–18 practice.
IV. Price stabilization activities.
V. Conclusions.
Appendix A (steel price-fixing order, War Industries Board).

I. NATURE OF THE PRICE SCHEDULES, AND OBJECTIONS THERETO

This memorandum is submitted in response to your request for a written opinion regarding the legal authority of your Office, and summarizes the many discussions we have had on the subject. We have always recognized, or course, that the most effective force behind the actions we have undertaken is the widespread understanding of and sympathy for our single objective—the avoidance of disastrous inflation. Without this public acceptance, sanctions, and penalties of whatever nature would be quite useless. Accordingly, our constant policy has been to rely chiefly, for enforcement of our price schedules, upon the patriotic response of business, and upon an enlightened and informed public opinion. Similarly, our approach to the problem of price control has been conditioned by the knowledge that with an adequate supply of materials and commodities formal controls, ever to be minimized, might be wholly avoided.

Nevertheless, statements have recently been made that the price schedules issued by the Administrator of the Office of Price Administration and Civilian Supply are without lawful authority. It has likewise been stated that there is no authority for Executive Order No. 8734, dated April 11, 1941, establishing the Office of Price Administration and Civilian Supply and, in section 2, authorizing that Office and the Administrator thereof to—

> (*a*) Take all lawful steps necessary or appropriate in order (1) to prevent price spiraling, rising costs of living, profiteering, and inflation * * *.
>
> (*c*) Determine and publish, after proper investigation, such maximum prices, commissions, margins, fees, charges, or other elements of cost or price of materials or commodities, as the Administrator may from time to time deem fair and reasonable; and take all lawful and appropriate steps to facilitate their observance.

In our judgement there is lawful authority for the price schedules and the Executive order.

On May 29, 1940, the President designated the members of the Advisory Commission to the Council for National Defense and created a Price Stabilization Division charged with directing efforts at price stabilization in the raw materal field. On April 11, 1941, the President created the Office of Price Administration and Civilian Supply. On April 15, 1941, the Administrator of the Office of Price Administration and Civilian Supply adopted as his own the actions, including the price schedules, of the Price Stabilization Division.

There is set out below (point IV) a synopsis of the activities of these two agencies, including in one aspect the issuance of six price schedules.[1]

The price schedules direct buyers and sellers of the designated commodities to comply with specified "ceiling" (maximum) prices. It has been objected that the price schedules are issued without authority because they are not authorized by any statute. In considering this objection, it should be noted that the price schedules are not termed "orders," and do not purport to carry penalties for infraction. Penalties can be imposed only by Congress. In the event of refusal to comply, the Office of Price Administration and Civilian Supply has stated that it will make every effort to assure (*a*) that the Congress and the public are fully informed; and (*b*) that the powers of the Government are fully exerted in order to protect the public interest.

The objections referred to above are raised at the threshold—to the issuance of ceiling price schedules—rather than to any action taken in support thereof. Obviously, the authority behind enforcement, even in the extreme possibility of commandeering a plant, would depend upon the action taken and the circumstances, and cannot be discussed in vacuo.

It is submitted that there is authority to issue the ceiling price schedules. Lest this be misunderstood, however, it may appropriately be stated here that the existence of power to enter upon a program of price stabilization in the absence of specific congressional authorization by no means suggests the impropriety of legislative action by Congress. Indeed, such action might well be desirable since it would provide sanctions less drastic and more direct than those presently available, and would enable the Office in other ways to provide assurance to the great majority of businessmen who have voluntarily chosen to cooperate that they will not be penalized by the recalcitrance of a few selfish profiteers. Obviously

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[1] Price schedule No. 1, relating to second-hand machine tools, issued February 17, 1941; release No. PM 76. Price schedule No. 2, relating to aluminum scrap and secondary aluminum ingot, issued March 24, 1941; release No. PM 186. Price schedule No. 3, relating to zinc scrap materials and secondary slab zinc, issued March 31, 1941; release No. PM 219. Price schedule No. 4, relating to iron and steel scrap, issued April 3, 1941; release No. PM 226. Price schedule No. 5, relating to bituminous coal, issued April 2, 1941 (and revoked May 1, 1941); release Nos. PM 228 and PM 351. Price schedule No. 6, relating to iron and steel products, issued April 16, 1941; release No. PM 279.

II. SUMMARY OF UNDERLYING AUTHORITY

Congress may pass such a statute, or, in the event that Congress does not favor a vigorous program of price stabilization, prohibit such action.

There is a national-defense emergency today. Although production is the Nation's primary concern, avoidance of spiraling prices and inflation is likewise necessary if the most effective use of all our resources is to be achieved. Price stability facilitates concentration on production; instability disrupts production. Price stability braces civilian and labor morale; instability and rising living costs lead to labor disturbances, stoppages, and widespread resentment against profiteering. Price stability will enable us to survive the emergency; instability and inflation nurtures the enervating fear of a post-emergency deflation.[2]

The announcement of ceiling price schedules of the kind described above is part of the program to assure the best possible defense of the Nation and the most efficient use of our resources. For the same reasons President Wilson and the agencies designated by him, including the War Industries Board and the Price Fixing Committee, announced maximum prices in 1917 and 1918 without specific statutory authorization.

The authority underlying the issuance of ceiling price schedules is derived from (1) the implied constitutional powers of the Chief Executive during a period of emergency, and the obligation of the President "to take care that the laws be faithfully executed," and to integrate in sound defense policy the administration of the laws providing for the coordination of our industrial resources, including the laws providing for commandeering, and the law authorizing priorities for defense production; (2) congressional acceptance of such exercise of Executive authority, which was fully disclosed to congressional committees and commissions; (3) virtual reenactment of the commandeering provisions of the Army Appropriation Act of 1916 in section 9 of the Selective Service and Training Act of 1940, following reliance upon the commandeering powers to support such maximum prices, as indicating legislative approval thereof.

III. THE AUTHORITY TO ISSUE PRICE SCHEDULES IN THE PRESENT EMERGENCY CIRCUMSTANCES IS SUPPORTED BY THE EXECUTIVE POWERS OF THE PRESIDENCY AND THE COMMANDEERING AND OTHER STATUTES ADDRESSED TO THE EMERGENCY

A. Exercise of the authority during 1917 and 1918.

1. The Executive authority to announce maximum prices was exercised by the President, and agencies designated by him, during 1917 and 1918, in the absence of specific statutory authorization. Such previous action of the President is not only supported by sound principles and the acquiescence and approval of Congress as shown below, but is in itself a factor indicating the existence of authority. As the Supreme Court stated in *United States* v. *Midwest Oil Co.* (236 U. S. 459, 472–473), "government is a practical affair intended for practical men," and "in determining the meaning of a statute or the existence of a power, weight shall be given to the usage itself—even when the validity of the practice is the subject of investigation."

2. The control of prices of basic materials was a gradual development. The National Defense Act[3] provided for a Council of National Defense, and an Advisory Commission, having among others the function of the "creation of relations which will render possible in time of need the immediate concentration and utilization of the resources of the Nation." At first the Council of National Defense confined itself to prices to be paid by the Government for its own purchases. Determination of price levels for Government purchases was made by committees established by the Defense Council, such as the General Munitions Board.

However, it was quickly recognized that reasonable prices for both the public and the Government are an integral part of the Nation's efficiency at a time when it is fundamental to achieve complete coordination of resources.

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[2] See testimony of Bernard M. Baruch, War Policies Commission hearings (under H. J. Res. 251, 71st Cong., 2d sess.), pp. 812–813: "As to the morale of the generality of civilians we all know how it was affected—especially among soldiers' families and people of fixed income—by the upward spiraling of the cost of living and the lavishness of reward to those who were in a position to profit by it as compared with the hardship imposed on those who were compelled to suffer from it.

"As to the morale of industry at large in the World War, the uncertainty of the daily fluctuation of price and the inevitable rising trend on all sides was matter for common commiseration. I am aware of no able and experienced business administrator who does not prefer operation under stable conditions to operation under a price schedule in an unforseeable state of flux."

[3] Act of August 29, 1916. 50 U. S. C., secs. 1 to 4.

with concentration on production rather than preoccupation with price fluctuations, and with maintenance of morale rather than its destruction because of rising living costs.[4]

President Wilson succinctly recognized this consideration in an address on July 12, 1917, when he stated:[5]

"And there is something more that we must add to our thinking. The public is now as much part of the Government as are the Army and Navy themselves; the whole people in all their activities are now mobilized and in service for the accomplishment of the Nation's task in this war; it is in such circumstances impossible justly to distinguish between industrial purchases made by the Government and industrial purchases made by the managers of individual industries; and it is just as much our duty to sustain the industries of the country, all the industries that contribute to its life, as it is to sustain our forces in the field and on the sea.

"We must make the prices to the public the same as the prices to the Government. Prices mean the same thing everywhere now. They mean the efficiency or the inefficiency of the Nation, whether it is the Government that pays them or not. They mean victory or defeat."

On July 28, 1917, the Council of National Defense created the War Industries Board in order to coordinate the war effort, and gave it specific direction "to consider price factors." The War Industries Board evolved methods for placing ceilings on prices for certain basic commodities covering purchases by the public as well as by the Government. On March 14, 1918, the President appointed the Price Fixing Committee, which devoted itself entirely to the task of stabilizing prices of basic commodities until it was discharged of its duties in December 1918.[6] The maximum prices set were generally made applicable to sales to the public as well as sales to the Government.

In describing the authority for the Price Fixing Committee, its chairman, Mr. Robert S. Brookings, said:

"The Price Fixing Committee is appointed by the President, separate and distinct, with absolute, fixed authority. It reports only to the President and gets its instructions only from the President."[7]

On July 18, 1918, the Price Fixing Committee adopted the following statement of policy:[8]

"First. Where the different purchasing departments of the Government require so large a proportion of any commodity as to produce such scarcity of said commodity as to require price control with a view of avoiding a runaway market, the Price Fixing Committee is expected by conferences with the said manufacturers of said commodity to stabilize prices by agreement. *Failing to agree, the Price Fixing Committee will fix a price and enforce same through some purchasing department of the Government, using to that end not only the various purchasing enabling acts, but such indirect pressure as priority in fuel, transportation, etc.*, etc., will permit.

"Second. Where a scarcity is produced in part or in whole by limitation of imports, it is the Government's duty through the Price Fixing Committee, and a system of import licenses under control of the War Trade Board, to see that control is secured of said importations through an option reserved in the import licenses so as to prevent a runaway market in said imported commodity.

"While prices as above outlined may only be arranged for the Government and those associated with us in the war, they, as a rule, are made for the public as well, and where made for the public, the price paid, both by the public and the Government, is made the same, and, while it is the custom to make maximum prices only, it is generally understood that unless there is a larger supply than the demand, the maximum prices will by necessity also become the minimum price, and the purchasing departments of the Government are usually expected to pay this price."

The only statutory provisions relating to prices were those contained in the Food and Fuel Control Act of August 10, 1917.[9] Regulation of prices of basic commodities other than food and fuel was accomplished by Executive action without specific statutory authority. The wide range of such commodities covered was outlined as follows:[10]

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[4] See statement of Mr. Baruch, footnote 2 above.

[5] Address to the miners and manufacturers of the United States, published in official bulletin, July 12, 1917, p. 3.

[6] By letter to Bernard Baruch, Chairman of War Industries Board, printed in Garrett, Government Control Over Prices, p. 204, and relevant portion printed in minutes of the Price Fixing Committee, Senate Committee Print No. 5. 74th Cong., 2d sess., p. 1.

[7] Minutes of the War Industries Board, Senate Committee Print No. 4, 74th Cong., 1st sess., p. 351.

[8] Minutes of the Price Fixing Committee, Senate Committee Print No. 5, 74th Cong., 2d sess., pp. 849–850. A portion of the statement, not relevant here, is omitted. [Italics supplied.]

[9] 40 Stat. 276, amended 41 Stat. 297 (October 22, 1919).

"The controls undertaken by the War Industries Board between September 1917 and March 1918, and then transferred to the Price Fixing Committee concerned copper, iron and steel, cement, yellow pine, Douglas fir, zinc, aluminum, hemlock, North Carolina pine, and spruce. The controls initiated by the Price Fixing Committee between March 14 and the close of war concerned hides and skins, wool, munition linters, harness leather, sulfuric acid, nitric acid, cotton textiles, cotton linters, sand and gravel, manila fiber, building tile, sole and belting leather, rags, wool grease, compressing rates for cotton, brick, millwork, and gypsum wallboard. The informal controls exercised by the War Industries Board itself independently of the Price Fixing Committee concerned lead, wood chemicals, nitrate of soda, alkalis, nickel, quicksilver, platinum, manganese ore, and burlap."

There is attached hereto as appendix A an announcement by the President on November 5, 1917, of the ceiling prices for iron and steel products, undoubtedly the most important commodity controlled.

Reference may also be made to the action taken with respect to lumber, because of the difficulty which was experienced in connection with that commodity. On June 24, 1918, the Price Fixing Committee published maximum prices for lumber and announced its decision in the following release:[11]

"The War Industries Board authorizes the following:

"The Price Fixing Committee of the War Industries Board has fixed maximum item prices for northwestern fir logs and lumber and for southern pine lumber. The detailed schedules of these item prices have been approved by the President and publicly announced. The prices established are 'manufacturers' f. o. b. mill prices for shipment at the mills, the same for all purchasers. They are maximum prices not fixed prices to hold for a period of 90 days from June 15.

"No regulation has been made with regard to transactions other than sales by manufacturers at the schedule prices. Wholesalers, dealers, retail dealers, and all others are entitled to buy on the basis of these f. o. b. mill prices. As yet no regulation of rates or profits has been made with regard to sales other than by wholesalers or retailers to consumers. The War Industries Board believes that sales by all dealers should be made at reasonable prices based on a strictly reasonable profit above the fixed schedule rates. The Board is confident that the trade will conform to the spirit of the existing regulations and the Board will not proceed to further regulation or restriction of dealers' prices until their conduct of business indicates that such action is necessary."

3. The price ceilings established by the War Industries Board and by the Price Fixing Committee met with general compliance. The vast majority were eager to cooperate with the Government and voluntarily to comply with its price regulations, recognizing the emergency which confronted the Nation. But in setting prices, and incidentally setting them not at existing levels but at substantial reductions herefrom,[12] the Government relied for ultimate sanction on indirect controls which it declared would be exerted to enforce the ceilings on prices. Chief among these was the power to commandeer, conferred primarily by section 120 of the Army Appropriation Act of 1916.[13]

This policy was reflected in a resolution of the War Industries Board while steel prices were being considered. The minutes of the War Industries Board on this point read as follows:[14]

"*Steel, price fixing.*—Mr. Summers, Mr. Replogle, and Mr. Legge were invited into the meeting and informally presented their views as to the proper method the War Industries Board should follow in the fixing of the price of steel. The Board agreed that the proper method to pursue in fixing price for steel was to fix the price of ore, coal, coke, transportation, and pig iron separately, in this way building up a fair price for steel. It was likewise agreed that should the steel interests not be willing to give their full cooperation because of the price fixed, that the War Industries Board should take the necessary steps to take over the steel plants."

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[10] Garrett: Government Control Over Prices (published by the War Trade Board in cooperation with the War Industries Board, Government Printing Office), p. 244.

[11] Official Bulletin, June 24, 1918, p. 13.

[12] See testimony of Bernard M. Baruch, War Policies Commission hearings (Under H. J. Res. 251), H. Doc. No. 271, 71st Cong., 2d sess., p. 58 (1931).

[13] Act of June 3, 1916, sec. 120; 50 U. S. C., sec. 80. Power to commandeer was also granted by the Naval Emergency Fund Act of 1917, 39 Stat. 1068; the Emergency Shipping Fund Act of 1917, 40 Stat. 182; and the Food and Fuel Control Act of August 10, 1917, 40 Stat. 276.

[14] Minutes of the War Industries Board (September 18, 1917), Senate Committee Print No. 4, 74th Cong., 1st sess., p. 58.

The steel industry did not violate the ceiling prices, and the War Industries Board had no occasion to invoke this policy.

The significance of the commandeering power was outlined to the President by the Chairman of the War Industries Board as follows:

"The prices imposed upon the steel manufacturers and copper producers, if resisted, could have been enforced by seizing the mines and factories under power conferred * * * in certain appropriation acts; and the existence of this power was sufficient to compel obedience to prices without exercising the power."[15]

The Chairman, Mr. Bernard M. Baruch, subsequently testified before the War Policies Commission:

"In practice the power to commandeer was very rarely used. It remained in the background as the effective persuasive force which vitalized the whole program of regulation."[16]

A distinction may conceivably be suggested in that during 1917 and 1918 maximum prices were generally stated as "agreements." The distinction would be legally unavailing since there was no statute authorizing Government officials to reach such price-fixing agreements.

Moreover, maximum prices were set in the absence of agreements. Thus, in the case of woolen rags, maximum prices were fixed by the Price Fixing Committee without a hearing and without an investigation into the trade, but provision was made for a revision of the prices at the end of 10 weeks during which an investigation would be made.

The announcement of the order read in part as follows:

"The Price Fixing Committee of the War Industries Board has fixed the following maximum prices upon various grades of rags, effective on all sales made from August 19, and remaining in effect until October 1, 1918, and thereafter, pending the compilation of data which is to be furnished by the Federal Trade Commission. These prices are net f. o. b. shipping point and are to apply to sales made both to the Government and to the public."[17]

The minutes explain that—

"*in view of the existing emergency*, the Price Fixing Committee adopted the maximum prices on rags as in statement (attached hereto and made a part of these minutes) which are to remain in effect until October 1, 1918, and thereafter until further notice pending the receipt of a report from the Federal Trade Commission and the compilation of additional data for the fixation of prices."[18] [*Emphasis* supplied.]

The "emergency" was outlined in a report from the Rag Administrator in the Woolens Section of the War Industries Board, which stated that there had been recent rapid increases and further increases could be expected unless action were promptly taken.[19]

Similarly, in the case of hemp, the Price Fixing Committee set a maximum price without notice or hearing, without an agreement, in order to prevent the lapse of prices which had been previously determined, although without authority, In view of the fact that the sales took place within the United States, by the War Trade Board. In the case of lumber there was some doubt whether there was an agreement underlying the maximum prices first set.[20]

Furthermore, so-called agreements, which reduced prices from existing levels, were reached in an atmosphere marked by statements of the Government officials that they were prepared to fix prices by order. Thus, Mr. Brookings, Chairman of the Price Fixing Committee, plainly informed the producers that[21]—

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[15] Letter quoted in Putney, Bryant: Price Control in Wartime. Editorial Research Reports, 1940, vol. II, No. 16, October 24, p. 313.

[16] House Doc. 271 (under H. J. Res. 251), 71st Cong., 2d sess., p. 41.

[17] Minutes, Price Fixing Committee, August 19, 1918. Senate Committee Print No. 5, 74th Cong., 2d sess., p. 1095.

[18] Minutes, Price Fixing Committee, August 19, 1918. Senate Committee Print No. 5, 74th Cong., 2d sess., pp. 1094–1095.

[19] Id.

[20] Hardy, Wartime Control of Prices, p. 139, footnote 24.

[21] Minutes of the War Industries Board, July 9, 1918, Senate Committee Print No. 4, 74th Cong., 1st sess., p. 352. See also statement of Dr. T. W. Taussig, Minutes of Price Fixing Committee, June 14, 1918 (Senate Committee Print No. 5, 74th Cong., 2d sess.), p. 697: "It would be possible by a slight change in wording, a change in a phrase to substitute 'by agreement' for 'by order'."

"The President has made it perfectly clear to us that we are not a body that meets simply for the purpose of registering the wishes of the industry. That is not what we are appointed for. We do try to agree with the industry, but, failing in that, our instructions are to fix prices; and if we cannot fix it by agreement, we have to fix it by order, although we do not like to do that."

4. The price control of the administration was carried on with full recognition of the fact that there was no specific statutory authority. Indeed, the War Industries Board, because of the difficulties involved in connection with lumber prices, formally recommended "legislation investing the President with power through such agencies as he may select to fix prices during the period of the war on such articles and commodities as he may deem necessary." [22]

At the same time Woodrow Wilson, in an address before Congress, stated:

"Recent experience has convinced me that the Congress must go further in authorizing the Government to set limits to prices. The law of supply and demand, I am sorry to say, has been replaced by the law of unrestrained selfishness." [23]

Congress failed to enact the legislation, but the Government continued its price policy, in the absence of any Congressional prohibition and in response to the pressing necessities of the situation.

B. Executive powers of the President.

1. The authority exercised during 1917 and 1918 is supported by the Executive powers of the President. It is well established that the President has powers by virtue of his office under the Constitution which extends beyond those powers granted him by the Congress. As the Attorney General, now Mr. Justice Murphy, recently stated to Congress: [24]

"You are aware of course that the Executive has powers not enumerated in the statutes—powers derived not from statutory grants but from the Constitution. It is universally recognized that the constitutional duties of the Executive carry with them the constitutional powers necessary for their proper performance. These constitutional powers have never been specifically defined and in fact cannot be, since their extent and limitations are largely dependent upon conditions and circumstances. In a measure this is true with respect to most of the powers of the Executive, both constitutional and statutory. The right to take specific action might not exist under one state of facts, while under another it might be the absolute duty of the Executive to take such action."

2. The Constitutional provisions referring to the Presidency are all contained in article II of the Constitution. Section 1, clause 1, sets out in a broad phrase that—

"The Executive Power shall be vested in a President of the United States of America."

Under clause 7, the President swears in his oath of office that he will, to the best of his ability—

"preserve, protect, and defend the Constitution of the United States."

Section 2 provides that the President is Commander in Chief of the Army and Navy.

Section 3, in specifying duties of the President, provides inter alia, that—"he shall take care that the laws be faithfully executed * * *."

3. The judicial decisions show that the President's authority is not limited to the execution of specific congressional mandates . Even in considering the duty of the President to take care that the laws shall be faithfully executed, the Supreme Court laid down the principle that this duty was not "limited to the enforcement of acts of Congress or of treaties of the United States according to their express terms" but that it included "the rights, duties, and obligations growing out of the Constitution itself, our international relations, and all the protection implied by the nature of the Government under the Constitution." *In re Neagle* (135 U. S. 1, 64).

Alexander Hamilton stated that the executive power is one which is granted generally, in broad terms, to the President, and extends beyond the particular grants of authority in article II, subject of course to the exceptions and qualifications expressed in the Constitution.[25] This view is supported inferentially by *Kansas* v. *Colorado* (206 U. S. 46), which construes in similar manner the clause vesting judicial power, and more clearly by *Myers* v. *United States* (272 U. S. 52).

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[22] Minutes of the War Industries Board, December 5, 1917, Senate Committee Print No. 4, 74th Cong., 1st sess., pp. 149–150.

[23] Address before Congress, December 4, 1917. Official Bulletin, December 4, 1917, p. 3.

[24] Sen. Doc. No. 133, 76th Cong., 2d sess., Executive Powers Under National Emergency, pp. 2–3 (letter of the Attorney General rendered October 4, 1939, in reference to S. Res. 185, agreed to September 28, 1939).

4. The nonstatutory powers of the President embrace some power to take action in an emergency, although the extent of such power, as Attorney General Murphy stated, is dependent upon the circumstances.

In a recent treatise on the Presidency, a well-known scholar states as follows: [26]

"That the National Government has 'the inherent power' to meet grave national emergencies has been proved in fact many times. By the same sign, pending action by Congress, the President may, if the emergency is sufficiently pressing, as in 1861, adopt temporary measures calculated to meet it, which measures are 'law' until superseded by congressional action."

Woodrow Wilson said that the office of President "has been one thing at one time, another at another," [27] and much depends upon the man who is President. William Howard Taft, somewhat like James Buchanan, took the view as President that the President can exercise no power which cannot be traced to some specific grant of power in the Constitution or the statutes,[28] although that view cannot be reconciled with his subsequent opinion in *Myers* v. *United States*, supra. Theodore Roosevelt adopted a very broad view of the powers of the President.[29]

On various occasions the President has taken action in the absence of specific authorization by Congress. For example, by Executive proclamation, in each instance issued without statutory authorization, Abraham Lincoln blockaded the southern ports (April 19, 1861); Theodore Roosevelt withdrew valuable coal lands from the coverage of a Federal statute authorizing disposition at a low price; and Woodrow Wilson ordered that companies operating telephone or telegraph lines or cables operate only under regulations of the Secretary of War or the Secretary of the Navy (May 1, 1917). There is no occasion to review other instances, which exist in considerable number, since such actions depend, as Attorney General Murphy noted, upon the circumstances of each case.

5. Without considering the extent of the President's powers with respect to other matters, it is plain that at least until Congress directs otherwise the President can take steps to stabilize prices, including the issuance of ceiling-price schedules, when the military defense of the country requires large-scale coordination of industrial resources and maintenance of industrial efficiency, labor efficiency, and civilian morale.[30]

Newton D. Baker, former Secretary of War, and an eminent attorney, referred to the Executive powers of the President with respect to the matter of controlling prices. In discussing the Capper-Johnson bill which would have specifically authorized the President, in case of imminence of war, to take steps to stabilize prices for commodities required by the Government and by the civilian population, said: [31]

"It is really an express donation to the President of what has always been tacitly regarded as the war power of the President * * * confirms by statutory enactment what has always been assumed to be the power of the President."

The American Legion submitted a brief to the War Policies Commission in support of the same bill. This memorandum, submitted with a notation that it had been "submitted to and approved by many constitutional lawyers of note," was signed by Ralph T. O'Neil, past national commander of the Legion, Paul V. McNutt, and Col. C. B. Robbins, former Assistant Secretary of War. It contains this statement: [32]

"In fact, the only argument that occurs to us in opposition to such authorization is that it may not be necessary; that the powers of Congress and the President to carry on a war are now plenary, and a statute can only serve to restrict them."

The power exercised by the President during 1917 and 1918 may but need not be supported without reference to legislation. As explained below (point D, 2) a sincere and intelligent discharge of the constitutional duty faithfully to execute the laws, particularly as applied to statutes such as the com-

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[25] The Works of Alexander Hamilton (Lodge ed.), vol. IV, p. 438.

[26] Edward S. Corwin, The President: Office and Powers, p. 133. In accord, see also, e. g., Herring, Presidential Leadership, p. 16; Berdahl, War Powers of the Executive in the United States, p. 208 et seq.

[27] Wilson, Constitutional Government in the United States, p. 69.

[28] Taft, Our Chief Magistrate and His Powers, p. 139.

[29] Roosevelt, The Works of Theodore Roosevelt, vol. XX, p. 34.

[30] Compare Berdahl, op. cit., supra, p. 211.

[31] War Policies Commission hearings, pt. I, p. 123.

[32] House Document No. 271, 72d Cong., 1st sess., p. 64.

mandeering statute designed to assure mobilization of resources, and specifically, reasonable prices to the Government, an achievement hardly practicable in the absence of reasonable prices generally, provides an additional basis for the President's action.

Furthermore, the price schedules and other steps taken do not purport to be permanent. They were born in emergency and will be retured when the emergency is terminated. "A limit in time, to tide over a passing trouble, well may justify a law that could not be upheld as a permanent change."[33] The same is true of Executive action.

6. It is possible that some persons may question in this regard the relevance of the price controls during 1917 and 1918 on the ground that they came after war had been declared by Congress. It is settled that there are no war powers which are created by a war, but there are only the powers to meet the emergency which arises in a time of war. See *Home Building & Loan Association* v. *Blaisdell* (290 U. S. 398, 426). The so-called war powers are misnamed if it is assumed that they come into existence only when there is a war, with the presence of military operations. The view of Mr. Whiting that Congress' war powers exist only in the event of actual open hostility[34] have been judicially demonstrated to be unsound. Action can be taken for the purpose of preparing to protect and preserve the country when the occasion arises. *United States* v. *Gettysburg Electric Railway Co.* (160 U. S. 668, 682). The war powers include the powers to strengthen the national defense. *Ashwander* v. *Tennessee Valley Authority* (297 U. S. 288, 327–328). They are really defense powers.

Today, as in 1917, there is a draft of men into military service, preparations are being made for the national defense, and the recognition of the necessity for complete utilization of our industrial resources has prompted passage of section 9 of the Selective Service Act. Accordingly, the powers exercised during 1917, given further vitality by congressional acceptance and the reenactment of the commandeering provisions in section 9 of the Selective Service Act, as shown below, constitute support for the price schedules and other price-stabilization activities authorized by President Roosevelt.

C. Congressional acceptance of the President's exercise of authority.

1. The manner in which the Chief Executive exercised control over price levels through maximum prices in specific commodities was explained to the public and to Congress at length and in detail. It was set forth in the Final Report of the Chairman of the United States War Industries Board to the President of the United States, February 1919.[35] It was also described in detail in the treatise, Government Control of Prices, by Paul W. Garrett, published (Government Printing Office) in 1920 by the War Trade Board in cooperation with the War Industries Board.

2. It was investigated by, and was the subject matter of, considerable testimony at the hearings held in 1931 by the War Policies Commission, a commission of Senators, Representatives, and Cabinet members appointed under the authority of Public Resolution No. 98, Seventy-first Congress, second session,[36] and at the hearings held by the so-called Nye committee (Special Senate Committee on Investigation of the Munitions Industry, 74th Cong., 1st sess).[37]

Mr. Baruch, in answering questions of Senator Joseph T. Robinson, of the War Policies Commission, stated:

"Senator ROBINSON. *In fixing the prices, was the Board acting under express authorization of statute, or by implied authority?*

"Mr. BARUCH. Implied, sir.

"Senator ROBINSON. The Board never had an express authority to regulate prices?

"Mr. BARUCH. Well, I would not say that exactly, Senator. There was a good deal of discussion about the legal side of it, but that never came to the surface. General Johnson calls my attention to the fact, for instance, that on some particular things, like fuel, there was a particular statute; but so far as the large number of things we have been referring to, there was no specific authority.

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[33] *Block* v. *Hirsh* (256 U. S. 135, 157).

[34] Whiting, War Powers Under the Constitution (1871).

[35] Senate Committee Print No. 3, 74th Cong., 1st sess.

[36] The War Policies Commission was composed of Secretary of War, Patrick J. Hurley, Chairman; Secretary of Navy, Charles F. Adams; Secretary of Agriculture, Arthur M. Hyde; Secretary of Commerce, Robert P. Lamont; Secretary of Labor, William N. Doak; the Attorney General, William DeWitt Mitchell; and Senators Reed, vice Chairman, Vandenberg, Robinson, and Swanson; and Representatives Hadley, secretary, Holaday, Collins, and McSwain; Robert H. Montgomery, executive secretary.

[37] The Special Senate Committee on Investigation of the Munitions Industry was composed of Senators Nye, chairman, George, Clark, Bone, Pope, Vandenberg, and Barbour.

"Senator Robinson. My question really had application to the broad sphere of control.

"Mr. Baruch. Except this, Senator, that the Government had power to commandeer under the authority given by the Congress, for the things that it needed for the Army and Navy. And when we discussed prices with producers, we were always in a position to commandeer and we made what we called, in those days, voluntary arrangements as to price; because we did always have the power of seizure, or keeping away transportation or fuel from anyone who objected to the regulation. But I must say, by and large, American industry did its full share.

"Senator Robinson. Did you find many instances in which there was great difficulty to reduce prices?

'Mr. Baruch. Well, there were a good many acrimonious discussions at times, but we finally ended by making prices which I think were fair in the circumstances. You must remember when we entered the war the prices had gone to prodigious heights, much higher than they were toward the end of the war. We were faced with a difficult situation, but, by persuasion and understanding and sometimes by threat, covert or otherwise, we were enabled to make what we thought were fair arrangements." [38]

Similarly, Mr. Baruch explained the 1917–18 experience at considerable length to the Nye committee.

It is significant that at no time has Congress, or the War Policies Commission, or the special Senate committee indicated in any way that the price fixing during 1917 and 1918 by the President of the United States, and by the agencies designated by him, was in any way unlawful or a usurpation of authority. The War Policies Commission recommended a constitutional amendment, but asserted that this was "to eliminate all doubt concerning the extent of the power of Congress * * * to stabilize prices." The Commission further recommended that Congress take action even if no constitutional amendment were passed. A preference was impliedly expressed for congressional action (which can be supported by direct and heavy sanctions), but in no way was it stated or indicated that the Executive action represented a usurpation of authoriy.

The Special Senate Committee on the Investigation of the Munitions Industry issued a Preliminary Report on Wartime Taxation and Price Control, Senate Report No. 944, part II, Seventy-fourth Congress, first session. This report contains more than 70 pages of critical analysis of the price stabilization measures adopted during 1917 and 1918. Although the committee concluded that the use of the commandeering power was relatively ineffective to prevent price rises (p. 111), and although the committee criticizes in various ways the activities of the War Industries Board, the committee in no way indicated that the maximum price efforts represented a usurpation of authority by the Executive.

Indeed, the most trenchant criticisms of the Government's efforts turned upon the objections that they had not set the maximum prices low enough. Reference is made not only to the report of the special Senate committee discussed above, but also to the report of the so-called Graham committee, which stated: [39]

"It has also been said in defense of the price fixing by the Government and its other negotiations that the market price of copper was approximately 32 or 33 cents per pound when we entered the war, and that the price fixing by the copper producers was far below what they might have obtained on the open market. However, it will be remembered that the copper producers were at the mercy of the Government at that time, and that under section 8 of the act of August 10, 1917, the Food Control Act, the Government had the right at any time to commandeer the mines and to practically fix its own price on copper."

The foregoing may be taken to indicate congressional approval of the Executive's exercise of authority. It certain indicates congressional acquiescence in the view that the executive powers of the President, buttressed by such sanctions as resided in the requisitioning statute, constituted sufficient authority for the Government's price-fixing program.

The significance of such acquiescence appears from the case of the *United States* v. *Midwest Oil Co.* (276 U. S. 459). The Supreme Court upheld action by the President in withdrawing from occupation lands which had been opened by Congress, in the absence of statutory authorization to the Executive, on the ground that such action represented a practice by the Executive which had been made known to the Congress and had been acquiesced in by Congress. The opinion is the more significant in that, as the Court recognized, there was a congressional statute authorizing such Executive action for the future, but explicitly failing either to ratify or condemn such Executive action in the past.

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[38] War Policies Commission hearings, under H. J. Res. 251, H. Doc. 271, 71st Cong., 2d sess. (1931), p. 50. [Italics added.]

[39] See Expenditures in the Ordnance Department, H. Rept. 1400, 66th Cong., 3d sess. (Select Committee on Expenditures in the War Department, headed by Mr. Graham, of Illinois), p. 93.

D. *The reinforcement provided by recently enacted statutes, such as the commandeering statute, including the adoption of the 1917–18 practice*

1. Recent statutes constitute a recognition by Congress of the existence of an emergency of such scope and nature as to warrant reliance on the 1917–18 precedents. The Selective Service and Training Act of 1940 enforces the draft of men into the Army. Section 9 provides for commandeering of plants refusing to produce articles or demanding an unreasonable price therefor, and in substance reenacts section 120 of the Army Appropriation Act of 1916. Reference may be made likewise to the statutes appropriating $40,000,000,000 for the purchase of defense materials, reviving the Sabotage Act passed during the last war, and strengthening the espionage statutes. With respect to industrial coordination, a statute of primary importance is section 2 (a), Public, No. 671, Seventy-sixth Congress, Second Session, giving priority in production to defense orders.

2. These statutes not only indicate the state of emergency in which the inherent power of the Executive is operative, but they also relate to the power and duty of the President to "take care that the laws shall be faithfully executed."

In a state of affairs calling for intensive utilization of our industrial resources, it is within the province of the Chief Executive to coordinate the application of the foregoing statutes making demands upon our industrial machine, in terms of an integrated, efficient, over-all policy. Unless the lessons of the World War are to be discarded, it is plain that such a policy must contain price stabilization as an integral part, if it is to be truly effective in its dominant purpose of a thoroughgoing coordination of industrial resources. In discharging the duty to assure that the Government secures materials at a reasonable price the Chief Executive can properly make the judgment that such result in the present circumstances can most appropriately be effectuated by assuring that prices on all sales are kept at reasonable levels. And with respect to the priorities statute, it is the teaching of experience that priorities powers cannot practicably be administered in the absence of a price-stabilization program.

3. Section 9 of the Selective Service and Training Act of 1940 is virtually identical with section 120 of the Army Appropriation Act of 1916, with but slight and immaterial change in language and content. It is and was well known that the commandeering power, which was available in the event of failure to produce for the Government at a reasonable price, was invoked during 1917 and 1918 as an ultimate sanction supporting the maximum prices then announced as applicable on all sales, to the public as well as the Government. The Nye committee was of the opinion that the commandeering sanction would probably be impracticable,[40] but recognized its applicability.

When, therefore, Congress enacted section 9, in language virtually identical with that of section 120, it was in effect reenacting the statute. Reenactment of a statute is generally deemed to constitute legislative approval of the executive or administrative application of that statute (*United States* v. *Bailey*, 9 Pet. 238, 256; *McCaughn* v. *Hershey Chocolate Co.*, 283 U. S. 488, 492; *Copper Queen Mining Co.* v. *Arizona Board*, 206 U. S. 474, 479). The virtual reenactment of section 120 must therefore be approval by the Congress of the Government's reliance upon the commandeering power to support reasonable maximum prices announced by the Executive.

IV. PRICE STABILIZATION ACTIVITIES

Finally, it may be appropriate to point out that the price schedules represent only one aspect of the price-stabilization activities, and to put such price schedules in their proper setting. Since May 28, 1940, the Price Stabilization Division of the Advisory Commission to the Council of National Defense, and since April 11, 1941, the Office of Price Administration and Civilian Supply, have undertaken studies in the fields characterized by or likely to be characterized by price rises. They have endeavored to be of assistance in assuring that Army and Navy purchasing did not obtrude upon commodity markets at such times as unnecessarily to increase prices. They have endeavored to assist the officials responsible for production by helping to anticipate the fields in which shortages of supply (and resulting price increases) could be avoided by timely action to expand production. They have made recommendations to the appropriate officials with respect to curtailment of exports, or acquisition of imports where shortages of commodities could be anticipated, Such activities have contributed not only to price stability but also to the increase of supply where shortage would hinder the national-defense effort.

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[40] See report, op cit., supra, p. 116.

As already noted, we have relied to a great extent upon appeals to the patriotism of the various individual producers to prevent excessive price increases. Tribute is due, among others, to the individual steel and copper producers.

We have also been vigilant to examine the facts of the industries characterized by the price rises and to state our conclusions where we found price increases unjustified. Thus in July 1940, by demonstrating and announcing that a feared shortage had no substantial basis, the Division counteracted a rise in prices of paper and paper pulp. Wherever it was found that price increases were not supportable and had no justification (except in the desire of producers in a strategic position to take advantage of the Nation's needs during the emergency), such findings were announced. The vast majority of the businessmen of this country are patriotic, do not wish to profiteer, and are well aware of the dangers inhernt in excessive price rises and inflation. Yet even such men find that the small minority of producers may set the tone of prices in an industry and they will ride with the rising tide they cannot prevent. The mere statement in January 1940 that lumber prices were unjustifiably high, and that $25 f.o.b. mill was a reasonable maximum price for No. 1 common southern pine lumber, enabled the industry to hold prices to a reasonable level, and they have even dropped below that figure.

Price schedules constituted merely the next step. Price schedule No. 1 was issued February 17, 1941. It announced a ceiling for prices of second-hand machine tools. These prices had been raised to fantastic heights, considerably exceeding the prices of new machine tools. Such price increases were not due to rising costs. They merely reflected the fact that the Government, the British Government, and their contractors and subcontractors, faced with an all-important need for production, were willing to pay any sums whatever to get hold of machine tools. Often the high prices, instead of bringing tools out, induced speculative withholding for future profits. Various responsible dealers in second-hand machine tools were alarmed by this extravagant situation, but they were unable, by their individual actions, to stem the tide.

At this point, the Price Stabilization Division issued Price Schedule No. 1. It directed buyers and sellers to comply with ceiling prices found to be reasonable lmitations. It further stated that in the event of lack of cooperation the Price Stabilization Division would make every effort to assure that Congress and the public were fully informed, and that the powers of the Government would be exerted to protect the public. The price schedule was not termed an order, and it clearly did not assert any inherent compulsive effort. However, the price schedule, buttressed primarily by the patriotic support of the members of the trade and by public opinion, has, it is generally considered, achieved a lowering of prices.

Subsequent price schedules have all been of the same nature, and have been prompted by similar extreme or emergency conditions. Price Schedule Nos. 2 to 4, relate to the secondary or scrap materials markets, which, because of shortages in and priorities for the virgin metal, threatened price repercussions out of all proportion to the value of the commodity involved. The bituminous coal order (Price Schedule No. 5) was intended to avoid any further unnecessary and unjustifiable profiteering from a temporary emergency, and has already been revoked. And Price Schedule No. 6, relating to iron and steel products, was intended to avoid price rises until the necessity therefor could be studied. Such action is a practical necessity if this country is to be protected from the dangers of price spirals and inflation.

V. CONCLUSION

For the reasons stated above, it is submitted that the price stabilization activities undertaken since May 28, 1940, and particularly the issuance of ceiling price schedules, were not a usurpation of authority as charged but were legitimate steps taken to protect against price spiraling and inflation, and to further the defense effort.

Appendix A. Specimen price-fixing order issued by President Wilson.

(Made public through Mr. Creel November 5, 1917 (Steel))[1]

The President has approved an agreement made by the War Industries Board with the principal Steel industries of the United States, fixing maximum prices, subject to revision January 1, 1918, on certain steel articles as follows:

Sheets:

No. 28. Black sheets (per 100 pounds f. o. b. Pittsburgh)	$5.00
No. 10. Blue annealed sheets (per 100 pounds f. o. b. Pittsburgh)	4.25
No. 28. Galvanized sheets (per 100 pounds f. o. b. Pittsburgh)	6.25

The above prices to apply to both Bessemer and open-hearth grades.

Pipe: On ¾-inch to 3-inch black steel pipe—discount 52 and 5 and 2½ percent f. o. b. Pittsburgh.

Cold rolled steel: 17 percent discount from March 15, 1915, list, f. o. b. Pittsburgh.

Scrap:

No. 1. Heavey melting (per gross ton, f. o. b. consuming point)	$30
Cast-iron borings and machine-shop turnings (per gross ton, f. o. b. consuming point)	20
No. 1. Railroad wrought (per gross ton, f. o. b. consuming point)	35
Wire: Plain wire (per 100 pounds f. o. b. Pittsburgh)	3.25
Tin plate: Coke base, Bessemer and open hearth (per 100-pound box f. o. b. Pittsburgh)	7.75

In connection with the above, the iron and steel manufacturers have agreed promptly to adjust the maximum prices of all iron and steel products other than those on which prices have been agreed upon, to the same general standards as those which have been announced. It is expected that this will be done promptly and consistently in line with the basic, intermediate, and finished products, for which define maximum prices have been established.

WOODROW WILSON.

TESTIMONY OF LEON HENDERSON—Resumed

Mr. CURTIS. Is your idea of the Government's authority in price fixing based upon a statute or is it just your conclusion as to our general scheme of government?

Mr. HENDERSON. That conclusion is based upon experience and various cases, and it is also based upon a memorandum prepared during the last war by counsel for the War Industries Board, as to the source of power. We dug that out of the archives very early to see what was available. And, of course, I have consulted from time to time with those that were responsible for price fixing in the last war.

Mr. CURTIS. Would you limit the scope of your price-fixing authority to those articles directly connected with defense, or do you think that goes to our entire price structure?

Mr. HENDERSON. I think it goes to the entire price structure, because there are many, many prices that have been rising recently which are only remotely connected with defense.

Mr. CURTIS. You think it extends——

Mr. HENDERSON. Let me put it this way: As you divert certain things to the defense effort and you have an increase in your purchasing power resulting from the Government paying money out and thus creating new purchasing power, it exerts a pressure on goods that may not be connected at all with defense—may be only incidentally connected—but the public interest requires that you have a stable economy if you are going to forward your defense effort and there is nothing more dislocating to an economy than a highly inflationary price trend.

Mr. Curtis. Would you include farm land and other real estate?

Mr. Henderson. I don't think so—I hadn't thought about that. I think the high price of farm land was a reflection of the extraordinary inflated prices of commodities during the last war. If you kept the prices of commodities down you wouldn't have had that problem at all.

Mr. Curtis. And would you extend it to personal services?

Mr. Henderson. Not personal services but to services that were akin to commodities. Now, maybe I haven't made myself clear. It seems to me that large parts of the commodity and service list might not have to be brought under price ceilings—that is, that they would be kept stable, but it would seem to me that, and it is like Gresham's law, if you didn't have the power to keep a certain group of prices in line that that is where the effect of the inflationary forces would manifest themselves.

Mr. Curtis. And do you think that this power should extend to both maximum and minimum prices?

Mr. Henderson. Yes—you mean the existing power?

Mr. Curtis. The power of the President to control all prices in the country by reason of the emergency. You construe that to include both the floor and the ceiling on prices, or just the ceiling?

Mr. Henderson. I would construe it to apply to both, but I think it would hinge on the importance of the particular situation in maintaining a stable economy. In other words, I don't think it would be necessary to go down into every ramification.

PRICE FIXING AS STABILIZER OF ECONOMY

Mr. Curtis. Do you think that we would have a stable economy if we undertook to fix all the prices?

Mr. Henderson. Not unless other things were done also.

Mr. Curtis. What other things?

Mr. Henderson. Such as a stiff tax program—a very, very heavy savings program, control of expansion of credit and expansion of supply of the noncompeting goods. I think all of those are a working part of keeping a stable economy under the terrific impact of defense spending.

Mr. Curtis. Now, in reference to the savings program: Do you refer to a compulsory savings program?

Mr. Henderson. No; I am referring to savings as such, but I could conceive of a situation where the seriousness was such that some form of what I have called "quasi-voluntary savings" might be necessary. I can conceive of a situation parallel to England's experience and for that reason we keep a very close watch on it.

They have had to have revisions of their mechanism of control over prices and so have we. We passed from one kind of a period in the old Defense Commission into another with O. P. A. C. S., and we will pass into a third, it seems to me, with formal legislation. I think that the English experience with savings was that they were highly satisfied with the voluntary response that they got in the early months of the war.

Mr. Curtis. And would you say it would still be possible for us to miss our guess and make a mistake after you pursued all the avenues of savings, taxes, credits, inflation, and price structure, and so on—that it still would not be foolproof?

Mr. HENDERSON. No.

Mr. CURTIS. We still might miss the boat?

Mr. HENDERSON. I don't think we would miss the boat, but if you mean in terms of a runaway inflation, there would still be powerful pressures operating on the price level, yes; that is true of every country whose price experience we have examined—Japan, Germany, England, Canada, France, and Italy.

POST-WAR PRICE DISLOCATIONS

Mr. CURTIS. You would run into a great deal of difficulty and complications in enforcing it; wouldn't you?

Mr. HENDERSON. Yes. I think you have got to foresee that, but I think that the destruction that would be caused to values and to the operation of the economy warrant trying to handle those complications.

I think we had a tremendous loss in this country in the period after the war from the dislocations caused by prices running away when the Government controls were taken off after the armistice. Prices went up more than 20 percent and then we had the precipitous drop and it took this country at least 3 years to get back on a working basis again—to get back on the basis on which a manufacturer could make a forward commitment with some assurance of certainty, which is necessary for the way in which goods are contracted for and delivered.

I think although it has many headaches and can't be foolproof that it is something that recognizably has to be done.

Mr. CURTIS. But the thing carried to its final analysis is a complete governmental control of the economy; isn't it, during the time the system is in operation?

COMPLETE "GOVERNMENT CONTROL" OF ECONOMY NOT NECESSARY

Mr. HENDERSON. No; and I want to be very, very positive and emphatic on that. The governmental control, if I gather what you mean, in Germany or Japan, for example, the intensiveness of it, the place of the Government in the decisions at the individual producer's line, the preemption of any available amounts of earnings that he may have for Government loans or for taxation, a Government control which says to him: "You can't make these repairs," and things like that; that is my idea of your term "of complete Government control."

I don't believe that that is necessary in this country. I do not only believe it is not necessary, but I think it would be highly undesirable because I think that the things we are defending, the things that are at issue here are the maintenance of a strong, vigorous, individualistic system in which the decisions are not made by Government but where they rely on the ingenuity and drive of the individual.

I think that is what is at issue and my conception of regulation is directly tied to my concept of what it is we are defending and what it is we want to do and what the post-war problem is going to be. I think in these terms as a democratic form of action against a totalitarian form of action, and I prefer to believe that the American system is best and we will win out in the end, and I think the controls have got to be directed toward that.

EACH WANTS HIS OWN PRICE RISE

Mr. Curtis. It is true that one very wholesome factor will be the vivid memory that many people have of the mistakes made a score of years ago, isn't that true?

Mr. Henderson. That is correct.

Mr. Curtis. And their decisions will turn upon that.

Mr. Henderson. If we can get the vividness to apply to the individual producer and his prices we would be much better off. Everybody is against inflation, but is in favor of a little price rise in his own commodity, but inflation comes by reason of prices being advanced.

Mr. Curtis. That is true, but I do not believe you could go to an agricultural area and convince very many people who are 40 years of age or older, that land would continue to go up and there would be a great heyday and it was a good idea to buy a new farm at an exorbitant price and mortgage both of them to pay for it. I don't think that is going to happen again.

Mr. Henderson. I can tell you the assurances we have had from people interested in farming and farmers, is that the memory is very vivid and they are against inflation.

Mr. Curtis. I have also taken occasion to inquire of the number of migrants that have come before this committee as to their point of view. They say it is more or less a common realization among them of the type of work they are doing now and that it is going to stop abruptly and they are trying to adjust their personal matters so they can light with their feet on the ground in the best possible manner.

That is all, Mr. Chairman.

The Chairman. Mr. Osmers.

MR. HENDERSON COMES OUT ON TOP

Mr. Osmers. I have just one or two more questions, Mr. Henderson, that occurred to me.

I notice by the papers that you have moved your residence upward. I don't know whether that has been correctly reported or not.

Mr. Henderson. That is right, for the second time.

Mr. Osmers. You have gone right through the roof?

Mr. Henderson. For the second time in my life I am living in a small penthouse. We took over an apartment house that had never been occupied and we are pretty well fixed up. I exercised a prerogative to convert the penthouse into offices.

Mr. Osmers. Well, I just wanted to say that at least you have adjusted yourself upward and you have gone as far as you can go in that particular building.

I wish all of our prices were checked as effectively in their upward progress.

Do you think, kind of summing up, Mr. Henderson, with all of these things that we have been discussing here—cooperation between Government and business, and so on, we will be able to keep the situation from going through the roof?

Mr. Henderson. I do, most earnestly.

Mr. OSMERS. Do you think it is possible to do that?

Mr. HENDERSON. I think that the attitude of mind generally that we find on the part of responsible people in industry and agriculture and labor is that they do have that memory of what inflation would do and that you can get a pretty strong effort made to keep things in line.

Mr. OSMERS. I think that is true. I am tremendously concerned, as I know everyone is, with the rising cost of living, which is just starting, and, of course, if it ever gets loose we are lost.

NEW SOCIAL SECURITY FOR MUNITIONS WORKERS

There is a question I wanted to ask your opinion on. It really doesn't come within the scope of your statement but you might care to express an opinion on it. We have certain industries in the United States that are purely defense industries—making powder, guns, and shells, and things of that sort that will automatically cease to exist at the conclusion of the emergency.

Now, I am at the present time drafting a piece of legislation which I may submit to Congress, which will increase the social-security payments of those workers who are engaged in purely defense industries, so that at the conclusion of the war when we know those people are going to be unemployed, they will have a longer period of time, a longer cushion to fall back on than our present social-security laws provide.

What is your opinion of that? Would you care to give it?

Mr. HENDERSON. I think it is a good idea. I think that it comes under the heading of savings and we have got to look to a backlog of very substantial proportions for that transition period and I think the same thing can be applied to individuals and to States and to the Federal Government. I think that they can postpone a number of things until that period to help stop the gap.

Mr. OSMERS. Isn't it also a possibility—and it will bear directly on the migration of people—isn't it also a possibility that we might work in some savings plan, or call it what you will, within the framework of our present social-security structure which is already set up—the workers are listed and they have their cards and so on.

Mr. HENDERSON. That is correct.

Mr. OSMERS. That is all.

The CHAIRMAN. Dr. Lamb.

Mr. LAMB. You would agree, would you not, that probably the best way to handle inflation ideally would be to be able to expand production, because by that means you would keep prices down automatically and then control, such as you are called on on make, would not be necessary as matters stand. However, these adjustments become inevitable because of shortages which cannot readily be overcome.

SUPPLY OF BUILDING MATERIALS

There is one set of shortages that the committee is particularly concerned about and that is the shortage of building material for the construction industry, especially for housing.

Is there any contemplation or has there already been any necessity to institute priorities in the building industry?

Mr. HENDERSON. I don't believe there has been any general priority on the building industry, but there has been on some of the materials that go into it.

It was necessary, as you probably know, as the effort progressed in the last war, to curtail building operations very materially. My guess would be that that can be put in the framework of inevitability now.

Mr. LAMB. Of course, this committee is very much concerned with that on account of the effect on defense housing and thereby its effect on migrants coming into defense communities.

Mr. HENDERSON. I think it is going to mean that conservation work and substitution work will have to be brought into play to get materials available for housing that do not compete with defense.

Mr. LAMB. That is what I was getting at.

Mr. HENDERSON. And I think you will have quite a bit of translation of effort there.

Mr. LAMB. You mentioned, in the course of your testimony, towns affected by priorities. This committee would like to have, if it can be secured for the record, a list of towns so affected. You mentioned a few in your paper. Could you tell us how we might go about getting a fairly comprehensive list?

Mr. HENDERSON. I think that the Priorities Division of O. P. M. and the Defense Contract Service Section would be a good source for that because that is where the pressure is applied. It is being applied to us, of course, because of this newly acquired duty of ours, but not in such a degree as it is on the priorities administration and on the Defense Contracts Service Section.

Mr. LAMB. We will get in touch with them.[1]

CONTROL OF BUILDING MATERIAL PRIORITIES

Going back to the earlier question, Would the control of building priorities rest with your office?

Mr. HENDERSON. The allocation of residual supplies would; yes.

Mr. LAMB. But the decision as to whether they were necessary or not in the building industry, would that be your concern?

Mr. HENDERSON. Yes; that is, the O. P. M. through the Army and Navy Munitions Board, would determine what of the materials and other resources were necessary for defense contracts, leaving a residue to allocate, and we would have to apply the needs of the building industry as against all the other industries in terms of these general standards that I recited awhile ago.

Mr. LAMB. I suppose in any such determination as that, the Office of the Coordinator of Defense Housing would have to sit in to discuss such a shift in allocations, would he not?

Mr. HENDERSON. Now, on the matter of defense housing, which is directly tied to defense, that priority would be determined by O. P. M. in connection with the Defense Housing Coordinator.

Mr. LAMB. And not through O. P. A. C. S.?

Mr. HENDERSON. That is right.

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[1] The committee was informed by the Labor Division of the O. P. M. that a survey of communities had been undertaken for the compilation of such a list, but that completion of the work would be too late to permit of publication in this volume.

Mr. LAMB. And the legal control of defense housing would rest with the Coordinator's Office or with the O. P. M., or do you know?

Mr. HENDERSON. With the Defense Housing Coordinator and the agencies to which the funds are assigned for building those houses.

Mr. LAMB. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Henderson, I want to express to you the deep appreciation of this committee for your fairness and patience here. I am sure that what you have contributed will be extremely valuable to us, and I thank you very sincerely for appearing here this morning.

Mr. HENDERSON. May I congratulate you on your skillful choice of questions. I must say that either the committee was picked for those who had had experience or else, in the course of its deliberations, they have developed a special skill along those lines.

The CHAIRMAN. I want to say to you, Mr. Henderson, in that regard, that this is not a one-man committee. We divide it up and we assign particular members to question particular witnesses.

We thank you very much, Mr. Henderson.

The committee will stand adjourned.

(Whereupon, at 1 p. m., the committee adjourned until 10 a. m. Friday, July 18, 1941.)

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